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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER
 Weekend July 9/July 10 1988
 No. 30,585

SCOOPERB

 CONSTRUCTION EQUIPMENT

WORLD NEWS

Soviet troops withdraw as strikes go on

Soviet troops were reported to have withdrawn from the streets of Yerevan, the Armenian capital, where tens of thousands of nationalists have been staging protests.

Strikes were continuing in support of demands for Nagorno-Karabakh, the Armenian-populated enclave in neighbouring Azerbaijan, to be made part of Armenia. Despite the resulting economic problems, the Soviet Government appeared to be pulling back from outright confrontation. *Back Page*

IRA's 'tragic mistake'

The IRA said its bomb blast which killed two civilians outside a swimming pool in Belfast was a "tragic mistake". A bomb disposal expert was later killed by a booby trap at the scene. *Page 3*

Abortion bill dropped

MP David Alton's bill to restrict abortions was abandoned in the Commons. *Page 5*

Spanish reshuffle

Spain's Socialist Prime Minister Felipe Gonzalez made his most sweeping Cabinet reshuffle in six years, bringing two women into the Government for the first time. *Page 2*

Duchess in M4 crash

The Duchess of York, who is expecting her first child next month, was involved in an accident on a contraflow section of the M4 20 miles west of London. She was unhurt.

Israel to expel 10

The Israeli army issued deportation orders against 10 more Palestinian activists from the occupied West Bank and Gaza Strip. One Palestinian was shot dead during West Bank disturbances. *Page 2*

AIDS adviser for church

The Bishop of Manchester has appointed an AIDS adviser to help clergymen give more support to people suffering from the disease. It is believed to be the first such appointment by the church.

Cyclists take £20,000

Two thieves on bicycles, one carrying a gun, stole £20,000 from a security guard in central London.

Immigration rule change

New rules will require Commonwealth citizens in the UK to prove they can support their families before bringing them into Britain. *Page 3*

Heatwave toll rises

The death toll from a six-day heatwave in Greece rose to 31 as more than 3,000 people were taken to hospital with heat-related problems.

Strike to hit pubs

Barmen in Dublin were due to begin a strike today in support of a wage claim following the introduction of longer pub opening hours. *Page 2*

Train lands in lake

A train plunged into a lake in southern India killing at least 70 people.

Non-stop hits

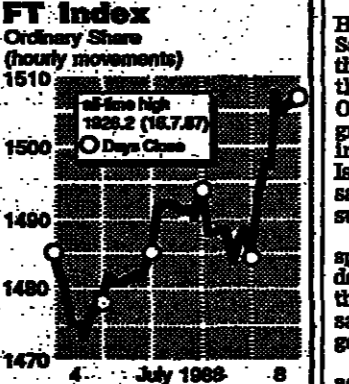
Disc jockey Colin Young beat a 15-year record by completing 1129 holes of golf in a week at Patshall Park course, Telford, Shropshire.

BUSINESS SUMMARY

Barlow Clowes auditors were given warning

SPICER AND OPPENHEIM, former auditors of Barlow Clowes Gilt Managers which is being put into liquidation, admitted that they had been given a vague warning about the financial position of the company by a director, Derek Tree, in August 1986.

EQUITIES and gilt-edged securities in London were boosted by the announcement of a defence sales agreement with Saudi Arabia which helped to set aside its worries about inflation and end the week on a high note.



STOCK EXCHANGE Council elected Andrew Hugh Smith, chairman of stockbroker Capel Cure Myers, chairman-designate to succeed Sir Nicholas Goodison. *Back page; European challenge, Page 5*

ROBERT FLEMING Holdings, privately owned merchant banking and investment group, raised profits by 25 per cent in its latest financial year. Profits post-tax were £37.7m, up from £30.2m. *Page 3*

POST OFFICE started legal proceedings to force its 150,000 staff, members of the Union of Communications Workers, to attend "team briefings," the workplace discussion groups introduced by many companies to improve relations between employees and managers. *Back page*

LOCAL AUTHORITY Housing Agreements are to be reformed by the Government to prevent the over-concentration of council housing rents from general rate funds. *Back page*

US EMPLOYMENT recovered sharply in June. The unemployment rate fell to a 14-year low of 5.3 per cent from 5.5 per cent in May confirming evidence of continuing rapid growth in the US economy. *Back page*

TRADES UNION CONGRESS has ordered the TGWU transport workers' union to deny membership to 130 employees of Nalco, local government union, following a complaint of "poaching." *Page 5*

RACAL, UK electronics group, has won Stock Exchange approval to sell only 20 per cent of its telecommunications subsidiary, the main constituent of which is the Vodafone mobile telephone business, in a flotation later this year. *Page 8*

BERKRETEK HOLDINGS increases its cash takeover bid for Ellis & Goldstein (Holdings), another womenswear manufacturer, to £40.8m. *Page 8*

TOKYO Stock Exchange reaction to the UK securities groups, James Capel and Barclays de Zoete Wedd, as members. *Page 10*

COCOM, Paris-based committee regulating sales of sensitive technology to communist countries, has relaxed restrictions on sales to China of computers, telecommunications equipment and medical apparatus.

Britain agrees biggest ever arms sale in deal with Saudi Arabia

BY DAVID WHITE, DEFENCE CORRESPONDENT

BRITAIN IS to supply Saudi Arabia with aircraft, mine-hunting vessels and base facilities under an agreement announced yesterday which is expected to be worth more than £10m.

The deal is the UK's biggest ever export agreement and confirms the country's place among the world's three chief arms exporters.

In Washington, the White House expressed regret over Saudi Arabia's decision to sign the deal with Britain rather than the US, and blamed Congress. On the US official described Congress as "weak-kneed" in its willingness to be influenced by Israeli pressure against US arms sales to moderate Arab countries such as Saudi Arabia.

President Reagan's chief spokesman Mr Martin Fitzwater described the deal as a blow to the US defence industry, but he said Washington still enjoyed good relations with Riyadh.

The latest agreement comes in addition to the \$3.5bn military aircraft deal which the UK and Saudi Arabia agreed in 1985-86 and includes a wide-ranging offset programme, amounting to a global trade and investment pact between the two countries.

Like the earlier deal, the arms supplies, construction work and support will be paid for through billings of Saudi crude oil.

The Ministry of Defence, respectful of Saudi reticence over the details of the agreement, gave no financial figure and described it merely as a "major new phase" of the so-called Project Al Yamamah.

With British Aerospace as prime contractor, the deal covers about 100 aircraft including more Anglo-West German-Italian Tornados fighters, more than 50 helicopters, six Sandown class minehunters, construction of up to two air bases and naval shore facilities, communications aircraft, training, spares and maintenance.

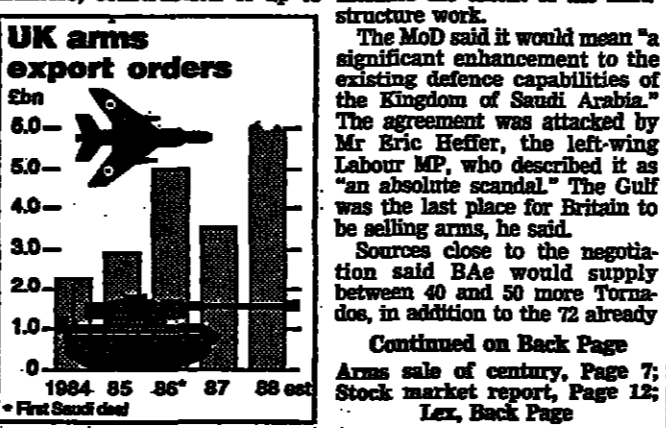
The umbrella agreement, described as a "formal understanding" between the two governments, leaves contract details still to be worked out. This includes the extent of the infrastructure work.

The MoD said it would mean "a significant enhancement to the existing defence capabilities of the Kingdom of Saudi Arabia."

The agreement was attacked by Mr Eric Heffer, the left-wing Labour MP, who described it as "an absolute scandal." The Gulf was the last place for Britain to be selling arms, he said.

Sources close to the negotiation said BAE would supply between 40 and 50 more Tornados, in addition to the 72 already

Continued on Back Page
 Arms sale of century, Page 7; Stock market report, Page 12; Lex, Back Page



Guinness to link up with two French luxury groups

BY GEORGE GRAHAM IN PARIS AND LISA WOOD IN LONDON

LVMH Moët-Hennessy, Louis Vuitton, the world's leading producer of champagne, cognac and luxury goods, is linking in a series of cross shareholdings with Guinness, the UK drinks group, and Financière Agache, the French retailing and fashion group which owns the Christian Dior and Christian Lacroix fashion houses.

The deal appears to safeguard the future of LVMH, formed in September 1987 by the merger of drinks producer Moët-Hennessy with the luxury luggage company Louis Vuitton, but recently hit by heavy buying of its shares amid suggestions that the two sides were already falling out.

Guinness and Agache are to take an initial 17 per cent stake in LVMH via a new company, rising to around 24.2 per cent on the exercise of warrants to buy further shares. At the same time LVMH is taking a 10 per cent stake in Guinness.

Agache has been among the purchasers of LVMH shares in the stock market. Now the Agache shares will be held by a new company in which it will have a 60 per cent stake. Guinness, which had a 2 per cent stake in LVMH, is paying around £237m for the remaining 40 per cent of the new company.

If all the warrants are exercised, Guinness would have to pay an extra £130m. It will be seeking shareholders' approval for the deal. Eventually, Agache said, the new company's stake in LVMH could rise to about 30 per cent.

LVMH meanwhile will pay £200m for a 10 per cent stake in Guinness through a reserved equity issue at a price of 430p a share, and will buy more shares in the market to take its holding to around 12 per cent. Guinness shares closed at 369p yesterday, up 23p.

The cross shareholdings consolidate existing distribution agreements between Guinness and LVMH, which have created joint ventures to sell their leading drinks brands - Moët et Chandon and Veuve Clicquot champagne and Hennessy cognac from LVMH and Johnny Walker whisky and Gordon's gin from Guinness - in the US, Far East and France.

For Mr Bernard Arnault, president of Agache, the operation is a step towards his recently declared ambition of becoming the world's leading luxury goods group.

"We could have done it by buying up medium sized companies in this sector, but there are not many of them, and they are difficult to integrate," he said.

The Agache-Guinness holding will outweigh the stakes of the original Moët-Hennessy and Vuitton family shareholders, but the three groups together will control more than 50 per cent of LVMH's capital.

Signs of dissension have recently emerged between the Moët-Hennessy side, led by Mr Chevalier, and the Vuitton group, led by Mr Henry Racamier, vice chairman and president of the strategic committee. Yesterday's board vote on the operation was, however, unanimous.

Mr Anthony Tennant, chief executive of Guinness, is an old friend of Mr Chevalier. He said the arrangement stabilised LVMH and enabled planning for the long term, including preparation for the creation of the single European Community market in 1992.

In the year to December 1987, Guinness made a pre-tax profit of £400m on sales of £2.8m. LVMH made a pre-tax profit of £250m on sales of £1.26bn.

Brands band together, Page 8; Lex, Back Page

Bank director quits in regulation protest

BY DAVID LASCELLES, BANKING EDITOR

SIR Trevor Holdsworth, one of the UK's leading industrialists, resigned as a director of Midland Bank yesterday in a dramatic protest at the City's new rules on investor protection, claiming that they were too onerous.

His surprise action seems certain to heighten the controversy over how the UK finance industry should be regulated. It also comes at a time when the Securities and Investments Board, the City's umbrella watchdog, is embarking on a review of its rule book under its new chairman, Mr David Walker.

Sir Trevor, who is also president of the Confederation of British Industry, decided to resign rather than sign an undertaking to report all his personal investment dealings to Midland's compliance officer.

All the bank's directors were asked to sign the document by the end of last month in order to comply with rules laid down by the Investment Management Regulatory Organisation (Imro) of which Midland is a member.

The rule was devised to combat insider dealing, but by ensuring that a full record is kept of directors' investment activities, it also protects them from accusations that they might be abusing privileged information.

It specifically requires directors to report all investment dealings "forthwith" - which is taken to mean within a day.

Sir Trevor told Midland that he did not believe the requirement should be extended to non-executive directors like himself. He said it was "neither necessary nor reasonable."

Mr John Morgan, Imro chief executive, said "there is no question that the rule was intended to apply to everybody, from the directors down to the tea lady," and that Midland was interpreting it correctly.

Neither Imro nor SIB was aware of any other director resigning for similar reasons, even though all companies which engage in investment business must comply with the rule book. Midland said its 15 other non-executive directors had all signed the document.

Sir Trevor is retaining his position as a deputy chairman of Prudential Corporation because he has no quarrel with the rules of the Life Assurance and Unit Trust Regulatory Organisation (Lautro) to which the Pru's fund management subsidiary belongs.

A CBI spokesman said last night that Sir Trevor had resigned. *Continued on Back Page*

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Occidental urges probe into sea platform design

BY JAMES BUXTON, CHARLES HODGSON, AND STEVEN BUTLER

FIRES continued to burn on the twisted wreckage of the Piper Alpha platform in the North Sea yesterday, as fundamental questions were raised about the safety of housing men on offshore oil platforms.

Dr Armand Hammer, chairman of Occidental Petroleum which operates Piper, said the design of offshore structures would have to be re-examined. He was speaking after the issue had been raised during talks in Aberdeen with Mrs Margaret Thatcher, the Prime Minister.

He admitted that the location of the crew's accommodation above the gas compressor module in which the first explosion occurred had made it particularly difficult for people to escape.

As hope of finding further survivors ended, the death toll from Wednesday night's explosion on Piper Alpha was put at 167, making it the worst disaster in oil industry history.

A disaster fund for injured and for the bereaved families rapidly reached several million pounds with contributions from private individuals, the Government, and international organisations.

The focus on the platform design came as the government moved swiftly to launch its inquiry into the disaster.

It announced a "twin-track" inquiry aiming first at quickly establishing the cause of the accident to prevent a similar occurrence elsewhere.

Mr Cecil Parkinson, the Energy Minister, said that a public inquiry, chaired by "an eminent Scottish legal figure", would be held in Aberdeen shortly.

Meanwhile, a "speedy and thorough" technical investigation is already underway by the Department of Energy's petroleum engineering safety division into the cause of the disaster. Its report will be available as evidence to the public inquiry and will form the basis of any Government guidance to North Sea operators.

The approach drew approval from Mr John Prescott, Labour's shadow energy spokesman, who welcomed the prospect of rapid publication of findings from the inquiry.

The public inquiry, whose chairman is expected to be named early next week, will be

Continued on Back Page
 North Sea disaster, Page 4

VIPs visit the Piper Alpha survivors

BY JAMES BUXTON IN ABERDEEN

A SUBDUED Aberdeen yesterday received a succession of distinguished visitors who came to comfort the survivors of the Piper Alpha disaster, thank rescuers and pay their respects to those who did not survive.

With the rescue effort having been officially switched from hunting in vain for survivors to searching for the bodies of the 167 victims, the city was quiet as the scale of the disaster continued to sink in.

Dr Armand Hammer, the 90-year-old chairman and chief executive of Occidental, arrived in Aberdeen directly from California and announced plans to compensate the families of the victims of Wednesday night's disaster. Families of the 31 Occidental employees who died in the explosion will receive the equivalent of five years' pay - about £100,000 - as well as pensions.

He said Occidental would give £1m to the special disaster fund set up by the Lord Provost (Lord Mayor) of Aberdeen. Occidental would be in touch with the legal representatives of 25 other com-

panies which had workers on the platform.

Dr Hammer said he was saddened and touched by his visit to the bedside of those survivors still in hospital at Aberdeen Royal infirmary.

Soon afterwards, Mrs Margaret Thatcher, the Prime Minister, spent an hour with the survivors in hospital and said she was "amazed at how well in themselves these people were. Their morale is very high. They are people of great inner strength and great capacity to tackle disaster."

She spoke to some of the police, ambulance, naval personnel and Royal Air Force crews who have taken part in the rescue operation on Wednesday night and underlined her praise for the rescue services.

She said the Government would contribute £1m to the disaster fund. The European Commission said it would contribute the equivalent of £560,000.

Later, the Prince and Princess of Wales arrived in Aberdeen to visit the survivors.

WEEKEND FT



ON THE SILK ROAD
 The legendary Venetian adventurer Marco Polo was the last man to travel the 5,000-mile Silk Road to China - in the 13th century. Christian Tyler reports on plans to re-open it. *Page 1*

FINANCE
 The easy-access attraction of money-market bank accounts. *Page 5*

PROPERTY
 The millionaire lifestyle in Regent's Park and St John's Wood; plus the cost of home depreciation. *Pages VII, XIII*

TRAVEL
 Two views of the Lake District. *Page XIV*

DIVERSIONS
 Christian Tyler on the fallibility of computer logic, plus Archaeology, Saleroom, How To Spend It, Gardening, Food and Cooking. *Pages XV - XVII*

WINE
 Bulgaria lives up to its Eastern promise. *Page XVI*

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OVERSEAS NEWS

Six new ministers in sweeping Madrid reshuffle

BY PETER BRUCE IN MADRID

MR FELIPE GONZALEZ, the Spanish Prime Minister, yesterday made the most sweeping reshuffle of the Socialist Cabinet in his six years in power, appointing six new ministers, moving two, and bringing two women into the Government for the first time.

Mr Gonzalez has brought in a right-wing trade unionist, Mr Jose Luis Corcuera, as Interior Minister. Mr Corcuera split with the leadership of the big Socialist trade union, the UGT, in a policy dispute in 1986.

Mexican opposition unmoved by PRI claims

By Ivo Dawson and David Gardner in Mexico City

MEXICO'S opposition parties were yesterday still refusing to accept claims by the long-ruling Institutional Revolutionary Party (PRI) that its candidate, Mr Carlos Salinas de Gortari, has won Wednesday's Presidential elections.

More Palestinians to be deported

BY ANDREW WHITLEY IN JERUSALEM

THE ISRAELI ARMY issued deportation orders yesterday against 10 more Palestinian activists from the occupied West Bank and Gaza Strip, in a move likely to revive international condemnation of Israel's handling of the unrest.

West Bank village of Tubas and four Israeli prison guards were injured by a knife-wielding Moslem at a jail in Gaza City. A heavy army and police presence, combined with a ring of road blocks around the city, helped keep Jerusalem quiet on what had been expected to be the climax of a week of protests.

Security officials said the approval by Mr Yitzhak Rabin, the Defence Minister, of the latest batch of expulsions requested by the military should be seen in the context of the general election campaign now gathering pace in Israel.

Mr Rabin's Labour Party feels vulnerable to electoral charges that it is soft on the Palestinians. Even though the overall level of violence has been declining, as officials note, in recent weeks the army has nevertheless stepped up its use of punishments, such as the demolition or sealing of houses.

Crusade to save Dublin's Holy Hour

Kieran Cooke on a strike by the Irish capital's barmen who are displeased at the abolition of an institution

IT COULD be an unusually quiet weekend in Dublin. Barmen in the Irish capital are due to go on strike this morning, affecting business at some 700 drinking establishments in and around the city.

Rafsanjani pins hopes on UN meeting

BY ANDREW GOWERS IN TEHRAN

HOJATOLESLAM AH AKBAR Rafsanjani, Iran's acting commander-in-chief and parliamentary speaker, said in Tehran yesterday that Iran was pinning all its hopes on next Tuesday's UN Security Council meeting, called to consider the Airbus disaster.

THE brother of Mr Roger Cooper, the British businessman held for the last two and a half years in Tehran's Evin Prison, has had an audience with Ayatollah Hossein Ali Montazeri, the designated successor to Iran's spiritual leader, amid mounting speculation that he may be released this year.

That low-level talks have been under way discreetly for some time. "In the grand scheme of things, relations with Britain are now so important to Iran that it will not allow the issue of Mr Roger Cooper to get in the way," said one diplomat.

He emphasized that Iran would not be satisfied with "watered-down decisions" of the kind made in the past. Mr Rafsanjani, whose pragmatic position does not appear to have been demonstrably weakened by Sunday's incident, spoke warmly of the response from the public and the media in Western countries other than the US.

At a Friday prayer meeting, he hinted at a broad Iranian agenda for discussion with the UN, including the possible condemnation of Iraq for starting the Gulf war, eventual withdrawal of the US fleet from the Gulf and the settlement of outstanding disputes over the money Iran and the US owe each other.

South Korean strider in 1983 but failing to make similar unequivocal statements in the wake of Sunday's incident. "We should continue clarifying what has happened and discuss it in tranquillity until the US realises what kind of people they have given their help to Iran."

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Iran gives its version of Airbus disaster

BY ANDREW GOWERS

AS US investigators puzzle over the cause of last Sunday's shooting-down of the Iranian Airbus over the Gulf, the Iranian authorities have presented their own version of events, which they believe shows at best a American disregard for Iranian lives and at worst a planned attack.

Gen Satari detailed the Airbus A-300's communications with the Bandar Abbas control towers in its last hour. These, he said, had been analysed by officials and revealed the following: At 1007 local time (three and a half hours ahead of GMT) on the morning of July 3, the pilot asked the control tower for permission to start engines. Three minutes later it was taxiing and at 1015 it was airborne.

Gen Satari's main point was that the American task force should certainly have been listening in to the radio traffic and thus should have been able to identify its true movements and intentions. "We are sure the

Americans listened to the tower and knew which aircraft was starting," he said. It had not deviated from its normal commercial air corridor, as Washington initially asserted, nor was it in a war zone when shot down. The Bandar Abbas-Dubai route has never been closed to commercial air traffic by the war and was taking 150 aircraft a day in the days preceding July 3.

Thriffs estimates updated

BY ANATOLE KALETSKY IN NEW YORK

THE US Federal Home Loan Bank Board has clarified an earlier statement that \$42.5bn (256bn) might need to be spent on rescuing insolvent savings and loan institutions before the first item of business - election of the party chairman - had been settled.

board's chairman, Mr Danny Wall, had inadvertently indicated in congressional testimony on Thursday. The only cost figure officially updated was the estimate for rescuing thriffs in Texas and the South West. This was increased to \$15.2bn from the \$7bn estimate the board was using six weeks ago.

Row hits Taiwan congress

By Bob King in Taipei

TAIWAN'S ruling Nationalist Party began formal sessions of its 13th Congress yesterday, and saw a row develop before the first item of business - election of the party chairman - had been settled.



US Undersecretary of State Allen Wallis takes a snap for his photo album while Secretary of State George Shultz awaits the beginning of a press conference yesterday after the ministerial meeting of the Association of South East Asian Nations in Bangkok.

Kohl, Thatcher to discuss disarmament blueprint

BY DAVID MARSH IN BONN

MR HELMUT KOHL, the West German Chancellor, is expected to meet Mrs Margaret Thatcher, the British Prime Minister, to help draw up a common West European line on disarmament ahead of his trip to Moscow this autumn.

Mr Kohl, who will talk for three hours with Mrs Thatcher, is also likely to discuss plans for further European economic integration drawn up at last month's EC summit in Hannover.

Argentine inflation up

BY GARY MEAD IN BUENOS AIRES

INFLATION CONTINUES to overshadow President Raul Alfonsin's attempt to correct the imbalances in Argentina's economy, according to the latest government figures published yesterday.

The greatest contribution to retail price inflation in June came from increases in the costs of transport, communications and public sector services, which grew by 23.5 per cent. July's inflation figures are unlikely to improve.

Poles sense Gorbachev's wind of change

BY CHRISTOPHER BOBINSKI IN WARSAW

WHENEVER Mr Mikhail Gorbachev, the Soviet leader, speaks on his tour, Poles will be waiting to hear if he is ready to blame Josef Stalin for the massacre in the spring of 1941 of 15,000 Polish officers interned by the Soviet Union in the first weeks of the war, writes Christopher Bobinski.

Bank of France cuts interest rate

By George Graham in Paris

THE Bank of France yesterday lowered one of its key interest rates, going against the trend of other European central banks which have mostly raised their intervention rates in the past two weeks.

The French central bank reduced its tender rate, which usually marks the lower end of the range of money market rates, by a quarter of a percentage point to 6.75 per cent, but left its seven-day repurchase rate unchanged at 7.5 per cent.

Financial analysts expect the Bank of France to wait to see market reaction to the French rate cut before moving the repurchase rate.

Bonn tax reform passed

BY DAVID GOOCHART IN BONN

THE West German coalition government's belated tax reform completed its passage through Parliament yesterday when it was passed by the Bundestag, the upper house.

The state governments have insisted in the upper house that they continue to influence infrastructural investment decisions.

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Polish challenge from the population

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Budget 'could be in surplus every year after 2000'

BY RALPH ATKINS

PUBLIC FINANCES may be transformed by the year 2000, with the Government able to increase spending, cut taxes and run a budget surplus every year, says Greenwell Montagu, a leading securities house, in a report published today.

Three quarters of Britain's £197bn outstanding national debt could be repaid by 2000, says Mr Simon Briscoe, senior financial economist at the house and former Treasury economist.

He sets out public spending scenarios to 2000, assuming that the present Government continues and the economy grows by an average of 3 per cent a year.

The scenario most likely to meet Government approval would allow spending to rise in cash terms but fall as a proportion of gross domestic product.

Mr Briscoe calculates that general government spending in 2000 might be double that in financial 1987, before adjusting for inflation.

At the same time, the public-sector borrowing requirement

would be kept in surplus and the Government could introduce large tax cuts, even abolishing income tax completely by 2000.

Since 1979, the Government has sought to restrain government spending, but only after 1984 has this fallen as a share of gross domestic product. At the time of the Budget, in March, Mr Nigel Lawson, Chancellor, forecast a PSBR surplus of £2bn in 1988-89.

Mr Briscoe says that even if economic growth slows to 2 per cent a year, the Government would still be able to run a budget surplus and cut national debt substantially. However, scope for tax cuts would be much less.

Greenwell says the forecasts might have big implications for the gilt-edged securities markets because they suggest that the Government will have little need for funding.

In an albeit improbable theory, the Government could redeem all the gilts on issue by the turn of the century, abolishing the market.

Enterprise that crosses the divide of ideology

By Charles Batchelor

GATHERED in London's Waldorf Astoria yesterday, they looked the very essence of the young 1980s entrepreneur in their smart suits and ties. Young businessmen from Britain, the US and Canada mingled with their counterparts from the Soviet Union and China.

The Soviet Union? China? Have perestroika and Peking's new economic realism progressed so far as to create a new breed of socialist yuppie? Well, nearly but not quite.

The British, American and other Western representatives attending this week's grandly titled International Directors Summit of the Young Entrepreneurs Network and the Association of Collegiate Entrepreneurs (Ace) did run their own conventionally capitalist businesses.

Their opposite numbers from the Soviet Union and China were members of large state organisations with an interest in the entrepreneurial culture.

Dr Uri Levine looked for all the world like a successful Western businessman but he was happy to admit that as a senior research fellow at the Soviet Institute of World Economy and International Relations he had no entrepreneurial experience of his own.

Nor was the background of Mr Deng Yajun, head of the Chinese delegation, strictly business. He, it turned out, was an official of the All China Youth Federation.

Cultural differences notwithstanding, delegates from the nine countries attending said they shared the common aim of creating links between young entrepreneurs around the world.

That may be the time being mean managers of state enterprises and the heads of co-operatives in the Soviet Union - but China at least has a small but growing number of genuinely private enterprises.

Ace was founded in the US in 1983 as a way of bringing together the more entrepreneurial students in American universities who spent their vacations, and in many cases, term time, running small businesses.

Giles Redpath, aged 28 and national director for Ace in Britain, says 18 British universities have Ace clubs with membership numbers ranging from 10 at Oxford to 1,200 at clearly more entrepreneurial Thames Polytechnic.

For the young (under 30 years) entrepreneur who has not been to university, and the university-trained entrepreneur who wants to mix with an older crowd, the Young Entrepreneurs Network (Yen) has been set up alongside Ace. Ace is working on a newsletter and an electronic information network that will help students in one country to find summer jobs with young entrepreneurs in another; help young manufacturers to find distributors overseas; and allow the rapid dissemination of good business ideas from one country to another.

Dr Levine's goal is to set up Soviet Associations of Young Managers by the end of this year.

Peter Riddell unravels plans by Nicholas Ridley to change the capital control system Councils to receive credit where it is due

THERE HAVE been so many attempts by the present Government to change, and tighten, controls on local government finance that MPs were not alone in being bemused by Thursday's multi-part announcement from Mr Nicholas Ridley, Environment Secretary. It was, one participant conceded, only intelligible to former environment ministers.

Yet the proposed change in the system of capital controls - shifting from limits on expenditure to limits on borrowing - has far-reaching consequences.

The only point of agreement is that the present system is unsatisfactory. Controls on spending have provided neither predictability for the Treasury in producing levels of expenditure consistent with government plans, nor freedom for councils.

The 1983e system has brought about a distribution of capital spending power that does not match the need for expenditure, while the controls have failed to prevent expenditure outside the legislative framework.

Local authorities are dissatisfied, as existing rules ensure that they can spend only 20 per cent of current and past receipts from the sale of council houses. Considerable cash balances have accumulated.

Some Tory-controlled shire districts are annoyed at being restricted in their capital spending and not reaping the benefits of selling council houses, while many Labour-controlled inner-city authorities have less scope to sell houses and have run up large borrowings.

The proposals announced on Thursday are intended to deal with those issues, and particularly the £52m of total capital borrowings in England and Wales, equivalent to roughly 25 per cent of the national debt.

Earlier proposals for controls over all external borrowing and over gross capital spending have been rejected and an alternative approach adopted, with annual limits, or credit approvals, on borrowing just for capital spending. Local councils will also be



Nicholas Ridley: Aiming to match spending to needs

able to undertake capital spending out of revenue and government grants - in future to be paid in a lump sum rather than a contribution towards annual loan charges.

Local authorities will be able to use slightly more of the cash

proceeds of asset sales - 25 per cent from houses - to finance investment. But the rest will have to be set aside for debt redemption and to meet future capital commitments.

The Government reckons that by the time the new system comes into operation in 1990, accumulated capital receipts may be as much as £28bn and the proposals should provide local authorities collectively with £2.8bn spending power.

The aim is "to target resources more efficiently than at present." As accumulated capital receipts are reduced, there will be more room for credit approvals. Powers enabling the Government to take account of part of the spending power from individual authorities' receipts when setting credit approval limits will permit the overall distribution of spending power to be matched more closely to need.

Thus some inner-city authorities in, say, the north-east, whose needs are greatest, will be given higher credit - or borrowing -

approvals than will shire districts in the south-east.

In addition, local authorities will be given a strong incentive to sell surplus property to cut net indebtedness.

That still leaves the complaint from local authorities that restrictions remain on their freedom to use cash.

The other main change announced on Thursday the end of the rate support grant system - is a step towards the new revenue support grant in April 1990. This is intended to provide fixed grants for local authorities related to need, as assessed in Whitehall, with any variation reflected in the level of the community charge or poll tax.

From now on the grant will be fixed. At present, overspending leads to a reduction in the level of grant.

The changes will give slightly more freedom to some, mainly Tory-run, rural and suburban councils, but within a tight framework of overall controls on borrowing set by Whitehall.

Profits rise by 25% at Robert Fleming

BY DAVID LASCELLES, BANKING EDITOR

ROBERT FLEMING Holdings, the privately owned merchant banking and investment group, managed to raise its profits by 25 per cent in its latest financial year in spite of October's crash in the markets.

Mr Joe Burnett-Stuart, chairman, said the crash had virtually no impact at all. "We are quite proud of these results."

Profits post-tax amounted to £37.7m, up from £30.2m the year before. The dividend is being increased by 15 per cent. The results are given after transfers to inner reserves.

The Fleming group includes Robert Fleming merchant bank, the Save & Prosper unit trust group, and subsidiaries in Hong Kong and New York.

Mr Burnett-Stuart said parts of the group were suffering from the decline in equity prices and lower market turnover. However, that had been offset by the group's strong involvement in the Japanese equity market, which had already recovered all its October losses, and other buoyant activities such as foreign exchange.

Fleming's much-publicised miscalculation of an underwriting of shares for Thomas Robinson, the engineering group, which could have forced it to take up a £125m stake, was "a thing of the past," Mr Burnett-Stuart said.

"It's the sort of thing that does happen if you have an aggressively expanding corporate



Joe Burnett-Stuart: "The crash had virtually no impact"

finance business." The subsequent failure of the Robinson bid for Coleridge ended Fleming's exposure and meant that it lost no money.

Fleming disclosed a fall in its group capital resources of £50m, to £224m. That was the result of a goodwill charge arising from its acquisition of the 36 per cent of the Save & Prosper group it did not already own.

Mr Burnett-Stuart said the group's strategy for the coming year would be to consolidate its worldwide operations. It was also on "armed reconnaissance" for opportunities in Europe.

Bomb disposal man 400th regular to die in Ulster

BY KIERAN COOKE IN DUBLIN

A 29-YEAR-OLD bomb disposal expert has become the 400th regular soldier to have died in nearly 20 years of violence in Northern Ireland.

Warrant Officer John Howard, who had started his tour in Northern Ireland only two weeks ago, died on Thursday night when he was blown up in the Falls Road, west Belfast, after stepping on a deflator.

Earlier in the same area, a 24-year-old man and 60-year-old woman had been killed by a bomb explosion that the Provisional IRA has described as a "tragic mistake."

Both those killed were residents of west Belfast and constituents of Mr Gerry Adams, the MP for the area and head of Sinn Fein, the IRA's political wing.

The RUC said IRA apologists for the deaths of the two civilians were pathetic and showed the nature of the IRA's terrorist violence.

The security forces will be con-

cerned to avoid serious disturbances as the traditional Orange Day marching season reaches its climax next Tuesday, July 12.

Mr Patrick Fitzpatrick, a Belfast taxi driver, was shot and seriously wounded on Wednesday by a loyalist terrorist group. Mr Fitzpatrick had twice been charged - and subsequently acquitted - on the evidence of so-called "supergrasses" of being involved in IRA activities.

In the early hours of yesterday morning the IRA launched a mortar attack on an RUC station in Pomeroy, East Tyrone. The IRA says a body found later by police near the scene was that of Mr Seamus Woods, one of its members.

Mr Woods's funeral will be the first funeral for an IRA member since the events at Milltown cemetery in March, when a loyalist gunman threw hand grenades and opened fire during services for three IRA members killed in Gibraltar.

Bank to auction short-dated gilts

THE BANK of England has announced that an auction of short-dated gilt-edged securities will take place on August 16.

The announcement yesterday was widely expected by analysts but there was some surprise that the Bank had decided to sell short-dated, rather than long-dated, stock. The bank will mature in up to seven years.

The Bank has committed itself to two auctions this year. It said further details about the latest sale would be announced on August 2.

Need 'must dictate care access'

BY CHARLES HODGSON

REFORM OF the National Health Service should include provision for increased private spending, wider competition and improved management of resources, according to a report published by the Conservative Party's research department yesterday.

The paper emphasises, however, that access to health care should remain dependent on need rather than money.

It endorses the emerging consensus that NHS reform should be evolutionary rather than revolutionary and urges caution in the development of an internal market and in considering rebates for those taking out private health insurance.

The paper's author, Mr Paul Gardner, has considered what Britain can learn from health care systems in the US and other

European countries. He concludes that the size of the gap between spending in Britain and abroad is "sufficiently large to suggest that spending in the UK should be larger than it is at present."

However, he adds: "The largest shortfall is in the amount of private spending on health care, which implies that this is where we should be looking for an increase."

Mr Gardner suggests there is greater scope for public-private co-operation along the lines of present practice, where the NHS buys some clinical and non-clinical services from the private sector and sells others.

Commenting on the proposal that NHS hospitals should compete with one another for patients, Mr Gardner says the

potentially significant benefits in rewarding efficient hospitals should be weighed against the possible costs - such as hospitals "going out of business."

Mr Gardner suggests that rebates, tax relief or vouchers could be supplied for people taking out private health insurance, in return for a commitment not to use some or all NHS services. But he adds that care should be taken to ensure that the reduced burden on the NHS "more than matched" any reduction in its resources.

The NHS could also raise funds by expanding pay beds, selling extras, such as single rooms, and leasing space not needed for clinical purposes to hospital shops.

Health Care in Britain: Progress, Problems and Options for Reform. Paul J. Gardner. £1.20.

Pay-out plan for Hunt backers

BY CLIVE WOLMAN

THE 2,000 investors who put more than £12m into the commodities and futures funds of Mr Keith Hunt, the investment manager who operated from Warwick and who disappeared in 1983, are to receive a pay-out of 5p in the pound after a delay of more than five years.

Mr Hunt attracted a large inflow of money from investors in late 1982 and early 1983.

He claimed, in a wide advertising campaign, that he had a unique method to predict price trends of commodities and other futures contracts that yielded a steady 68 per cent return each year for five years.

He cancelled an interview with Trade and Industry Department

officials and disappeared after an early-morning car chase through west London in April 1983.

The collapse of his empire gave impetus to introduction of the new investor-protection regime.

The special manager, Mr Stephen James of Peat Marwick McLintock, the accountancy firm acting for the Official Receiver, has notified investors, calling a meeting in London on July 29 to consider a proposed scheme of arrangement.

The scheme will make £7.125m available for distribution to non-preferential creditors and investors in the Exchange Securities and Commodities group of companies. This group's total claims

amount to £13.274m, excluding interest.

The claims of the other creditors and clients with the Futures Index, a betting operation run by Mr Hunt, are being assessed separately.

The £7m has been realised mainly from sales of property and paintings.

However, only a small part of the money Mr Hunt claimed to have invested has been traced. Little evidence of any trading has been found.

The delay in reaching a settlement has been caused by Mr Hunt's lack of record-keeping and disputes between the different classes of investor and creditor.

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North American (North American)	2nd
Technology (International Growth, sub-sector: Technology)	3rd
Far Eastern (Far Eastern)	1st
American Income (International Income) - since launch: 11.11.1985	3rd
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FT/7

UK NEWS — THE NORTH SEA DISASTER

Operators face expensive decisions

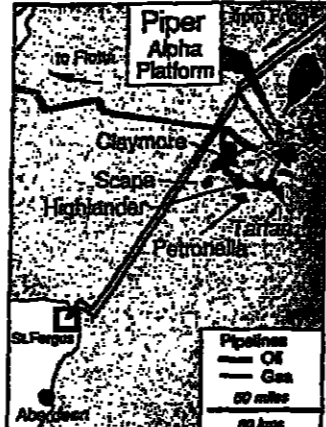
BY STEVEN BUTLER

OCCIDENTAL PETROLEUM and Texaco, operators of oil fields served by the Flotta pipeline system, face some difficult and expensive decisions as they look at options to start up production again, even if the pipeline itself can be made operational in short order.

The six fields in the area were not simply served by the same pipeline system but formed an integrated production system accounting for 12 per cent, or 250,000 barrels a day, of Britain's oil production in which the Piper Alpha platform, which was destroyed in Wednesday night's blast, played a key role.

Piper was the most productive field in the area, producing some 125,000 barrels of oil daily that is now lost for at least three to four years, pending redevelopment.

The nearby Claymore field, also run by Occidental, produced



about 70,000 barrels daily but the field depended on gas produced at the Piper field to power the platform. Claymore also injected this gas into the oil reservoir well to maintain the pressure that lifted oil to the surface.

Without the gas supplies from Piper, Claymore's production is expected to be sharply reduced. Occidental was unable yesterday to say by how much.

The fields that formed parts of the Tartan group, operated by Texaco, separated gas from oil as it was produced and exported the gas via a compressor on Tartan to the Piper platform. The compressed gas was then mixed with compressed gas at Piper and sent down the line through the Frigg pipeline system to St Fergus.

That export link is now severed. Since Texaco cannot produce oil without producing Tartan gas as a by-product, it must

Question mark over failure of safety systems

BY MAX WILKINSON, RESOURCES EDITOR



Red Adair: Tackling oil fires for half a century

Just one more job for taciturn Red Adair

By Max Wilkinson

MR PAUL (Red) Adair, the 73-year-old Texan, who flew in to look at the remains of the Piper Alpha platform yesterday, has been sent out for his own safety by a helicopter to inspect the site for a half a century.

He is the unchallenged expert of the industry, and founder of the Houston-based Red Adair Fire and Blow-out Control Company. He has personally put out 1,000 fires in highly dangerous situations and has frequently been injured while working in cramped positions next to a roaring stream of boiling hot oil.

Adair, whose laconic Texan style makes Clint Eastwood sound effusive, has been closely involved in the safety of North Sea installations, about which he had harsh things to say in the 1970s.

ONE OF the biggest questions facing the inquiry into the Piper Alpha disaster is: Why was the explosion not contained by automatic systems, as happened in an apparently similar gas leak on a Shell platform only the day before?

The two accidents, which had such immensely different consequences, both appear to have started with explosions, after leaks in the gas compression section of the platform.

The Piper Alpha explosion caused a sequence of events leading to an inferno of flames that ripped the whole structure apart and killed 167 men.

However, the explosion on Shell's Brent Alpha platform, although potentially lethal, was contained by automatic systems. Gas detectors "smelt" a leak even before the operator noticed any gas coming out. By the time the operator reached the control room to report a fault, the compressors had automatically been turned off and gas valves were being shut.

When the disaster came, he was fortunately away from his post and automatic sprinklers were already dousing the area with sea water.

The question about the Piper Alpha explosion being solved by senior engineers in the UK oil industry is: How could so much gas have escaped without being detected by the multiple safety systems that festoon all such platforms?

The question is especially important because this was the first large-scale loss of life resulting from an explosion or fire on an offshore platform — although the devastating possibilities have long been embedded in the industry's thinking.

One senior engineer said yesterday: "We recognise, and employees must never forget, that oil platforms are hazardous places".

and an automatic shutdown occurs if any two detectors sense a high gas concentration.

Moreover, the pressure vessel, which contains highly compressed gas, is far from being a bomb ready to explode. The gas cannot burn without oxygen — so it cannot burn until it leaks. And it should not leak without detection.

But if the pressure vessel or an associated pipe is damaged, the gas can expand rapidly into an explosive mixture with air. Although it is unclear yet whether that happened in this case, a further ingredient, such as a spark or high temperature, would still be necessary to cause an explosion.

To prevent any possibility of ignition, all operators are searched before going offshore for matches, cigarette lighters or anything else that could cause a spark. The search is thorough — in designated smoking areas — are in large boxes that could not accidentally be slipped into a pocket.

Nevertheless a spark must have occurred in both accidents. On the Shell platform, it is believed that overheating in the compressor section caused the explosion. On the Piper Alpha, the search has been a few hundred miles south just one day later. That is what the experts are trying to discover from the twisted iron that was Piper Alpha.

Sea bed valves cut pollution risk but five wells leaking

BY MAURICE SAMUELSON

FIVE OF the Piper Alpha's 25 production well-heads were still leaking oil yesterday afternoon as government officials began monitoring the pollution risk to coastlines round the North Sea.

The officials, working for the Department of Transport's marine pollution inspectors, were told by Occidental Petroleum, the operator, that the automatic valves, buried below the seabed, had worked well by cutting the oil flow when the blast occurred.

If that turns out to be the case, it will not only help the fire-fighters but will mean that the environmental impact would be in inverse proportion to the heavy human and financial scale of the disaster.

At the time of the blast, two of the production wells were closed in and the other 23 were delivering about 123,000 barrels a day. Initially, only about 1,000 barrels of oil had spilled, causing a 15 km-long slick. Because of its light quality, the oil was expected to disperse long before coming ashore.

Since the valves are buried below the sea bed, officials also hope they will remain intact even if the vast underwater infrastructure of the damaged platform were to collapse.

The pollution responsibilities of the Department of Transport date back to a series of serious oil tanker spillages in British and



Dr Armand Hammer, the chairman of Occidental Petroleum, with survivor Erland Grievé

Pressure to issue report on '84 blast

By Steven Butler

THE GOVERNMENT came under increasing pressure yesterday to release its report on an explosion on the Piper Alpha platform four years ago.

The report was not issued at the time because the Government concluded there were no grounds for prosecuting Occidental Petroleum, operator of the platform which was destroyed in Wednesday night's blast.

The Energy Department said yesterday it had no plans to release the report, although it would be made available to the inquiry announced yesterday of the Piper explosion and expected it would subsequently be made public.

The gas explosion in 1984 resulted in eight injuries to four people and to the evacuation of 175 from the platform. There was no serious damage.

Occidental said the explosion in 1984 was in the gas processing and resulted from a leak from machinery which separated natural gas from natural gas liquids. Some amount of liquids tend to condense from natural gas at the well head when pressure is reduced.

Occidental believes that the blast on Wednesday night was caused by a leak in gas compression equipment.

Government gives £1m towards fund

FINANCIAL TIMES REPORTER

THE GOVERNMENT is giving £1m to the Piper Alpha disaster fund, Mrs Margaret Thatcher announced after visiting survivors in hospital.

The Government boost to the appeal fund is in addition to another £1m from Dr Armand Hammer, chairman of Occidental Oil, and £500,000 from the European Community.

Mrs Thatcher said: "I would like to say to the people of Aberdeen how very much we grieve for them."

"As a token of how strongly I think everybody feels in the Government that we should contribute £1m to the disaster fund to get it off to a good start."

The European Commission said the donation from the EC was "a token of Community solidarity" and would be to help meet the immediate needs of individuals affected by the tragedy.

The money comes from the EC's annual disaster fund of £3m. So far this year £1m has been spent on helping the families of a West German mine disaster.

Commission representatives will meet government officials in London next week to discuss how to use the money.

The Commission is setting up a bank account in London to administer the cash.

"We will receive the names of people who need immediate help."

It could be a question of transport requirements, for instance to visit injured relatives, or physical needs because of injuries. The money will go to those individuals, into their bank accounts," the Commission said.

The money represents more than one sixth of the emergency fund. The Commission said: "We recognise that this cannot be anything other than a gesture. It is a token of Community solidarity. We are giving this money on our own initiative but after discussions with the British Government."

Another donation to the Piper Alpha disaster fund set up by Aberdeen's Lord Provost is being made by Mr Robert Maxwell, the publisher.

His Scottish newspapers and Mirror Group Newspapers are donating £10,000. He said: "These give because they're a family because the families will need all the money they can get."

"I have been told by the Lord Provost that anything left over will be donated to research into improving safety."

Comedian Jim Davidson is donating the takings from today's first night of his Torquay summer show to the disaster fund.

He said he would hold another oil rig fund-raising show later in the year.

CORPORATE FINANCE

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25th July 1988

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230	186	As. Brit. Int. OILS	230	0	10.0	4.3	
40	25	Avon and Foods	36	-	5.2	3.7	10.2
57	40	BBG Dealer group (USA)	40	0	2.1	5.1	6.4
162	155	Barton Group	162nd	0	3.3	2.1	22.5
112	100	Barton Group Corp. Prof.	112	0	6.7	6.0	
148	137	Boys Technology	140	-	3.2	3.7	10.2
110	100	Brumell Corp. Prof.	110	0	11.0	10.0	-
278	246	CCJ Group Ordinary	278	0	12.3	4.4	4.2
151	124	CCI Group 1/2% Cum. Prof.	151st	0	14.7	9.7	
151	127	Cento Pk (USD)	143	0	6.1	4.3	9.2
112	100	Carbo 7.5% Prof (USD)	109th	-	10.3	9.4	
282	147	George Blatz	282	0	3.7	1.3	7.9
94	40	Int. Group	94	0	3.4	3.0	12.4
118	87	Jacobson Group (USD)	112nd	0	10.4	3.5	11.7
340	245	Malibu Int. (USA/USD)	295	0	7.5	2.4	
102	40	Reynolds	102	-	6.0	2.3	22.7
251	124	Scriveners	255	-	8.0	2.3	22.7
218	194	Torkey & Carlisle	218th	-	7.7	3.5	17.7
96	56	Treasury Holdings (USA)	90	0	2.7	3.0	9.7
118	100	United Europe Corp Prof.	110	0	8.0	7.3	
292	203	W. S. Trustee	292	-	16.2	3.5	7.9

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Accident inquiry and technical investigation to be held

BY CHARLES HODGSON

THE GOVERNMENT yesterday announced a twin-track inquiry into the disaster, designed to enable the cause of the accident and the lessons to be learned from it to be established quickly.

A full public inquiry is to be held in Aberdeen as soon as possible and a technical investigation to establish the cause of the accident is already under way.

Mr Cecil Parkinson, the Energy Secretary, told the Commons on Thursday that the Government intended the fullest possible public inquiry and that it "would not waste a second" in passing on to North Sea operators the lessons learned by the investigation.

The public inquiry chairman is expected to be named early next

week and the inquiry will be held under regulations in the 1971 Mineral Workings (Offshore Installations) Act.

These provide expressly for public inquiries into casualties and accidents involving offshore installations and give full powers for appointing assessors, summoning witnesses, collecting evidence and making recommendations. It will be the first inquiry of its kind to be held under this legislation.

The inquiry will be headed by "an eminent Scottish legal figure" and the public interest will be represented by the Scottish Law Officers Lord Cameron of Lochbroom, the Lord Advocate, and Mr Peter Fraser, the Solicitor

General.

Two possible candidates to chair the inquiry being mentioned in Scotland last night were Mr David Hope, a senior Scottish lawyer and dean of the faculty of advocates, and Lord McCloskey, a former Labour solicitor general.

The form of the inquiry was agreed yesterday after consultations between Mr Parkinson, Sir Patrick Mayhew, the Attorney General, and Lord Cameron on whether procedures under Scottish or English law should be used.

The Department of Energy said that a contributory factor in the decision to hold the inquiry under the 1971 legislation, rather

116 engineers ask to be flown ashore over dispute

BY MAURICE SAMUELSON

MORE THAN 100 engineers engaged in refurbishing three BP gas platforms in the North Sea were flown ashore at their own request yesterday because of a dispute with their employer, William Press Oilborne.

Mr Ross Lyons, assistant secretary of the manufacturing, Science and Finance Union, said the 116 men were unhappy about health and safety on the West Sole platform, nearly 50 miles east of Easton, Humberston.

Each platform is normally manned by about six BP production workers.

However, there was little sign yesterday of the dispute triggering a general walk out by offshore workers in the North Sea.

BP, defending its safety procedures on West Sole, said production on the platform was continuing as normal and that the dispute was a matter for the men and their employer, Press Oilborne.

The men who went ashore were 18 months through a three-year contract to refurbish the platform's accommodation and various other modules.

The refurbishment engineers have been accommodated on a nearby "hotel".

He also urged immediate release of the routine safety inspection report carried out by a Department of Energy official only eight days before the accident, which found nothing seriously amiss on the platform.

In a letter to Mr Parkinson, Mr Prescott claimed that while the number of fatal accidents in the North Sea had fallen last year, the overall trend of the last few years suggested that, in relation to numbers working in the industry, the incidence of fatal and serious accidents had increased.

Handwritten scribble at the bottom of the page.

Clive Wolman outlines the tasks facing the exchange's newly elected chairman-designate European challenge for Stock Exchange head

THE STOCK EXCHANGE that Mr Andrew Hugh Smith looks set to take over after his election as chairman-designate yesterday will be an institution diminished in stature and restricted in its responsibilities.



Mr Andrew Hugh Smith: Avuncular style of management

The last 12 1/2 years under the chairmanship of Sir Nicholas Goodson are likely to be seen in the next decade as the period in which the London Stock Exchange reached the peak of its prestige and public profile as a quasi-public body with strong regulatory powers to back up its role as the only central market-place for trading UK securities.

transferred to The Securities Association as one of the five self-regulating organisations under the new investor protection structure. The exchange retains just one of its official regulatory functions, that as the sole Government-sanctioned listing authority for company shares under European Community law.

Mr Hugh Smith is also distantly related to Sir Nicholas and has been a close friend of his. However, Stock Exchange practitioners credit him with more hard-headed pragmatism and less of a tendency to theorise than Sir Nicholas, as well as a more popular, avuncular style of management.

He is thought to have a much more detailed grasp of technical and computer systems, which have become the key factor in the exchange's development, and has a keen interest in financial controls, partly as a result of his involvement in the exchange's technical services and property and finance committees.

EMPLOYMENT

EETPU dissidents ready to create new TUC union

BY JIMMY BURNS, LABOUR STAFF

LEFT-WINGERS in the EETPU electricians' union threatened yesterday to break away and form a new organisation with at least 36,000 members if the union is expelled from the Trades Union Congress in September.



Eric Hammond: Complaint about "poaching" campaign

The initiative was announced yesterday as the EETPU was suspended from the TUC. It would have allowed the union to leave the TUC fold in the coming weeks, although that is thought unlikely.

Eric Hammond, EETPU general secretary, said that a campaign to "poach" his members had already begun. He was referring to a TGWU transport union plan to set up "accommodation" branches to draw in EETPU members in south Wales.

Finally, the new union would be created, and the "holding" unions would transfer the break-away EETPU members and accumulated finances to the new union.

One of the Flashlight leaders is Mr John Aitkin. He stood against Mr Eric Hammond as general secretary in union elections last year and won 36,000 votes against 108,000 for Mr Hammond.

Duracell to close plant at Crawley

By Christopher Parkes, Consumer Industries Editor

DURACELL, the US-owned battery company, is to close one of its British factories with the loss of more than 350 jobs.

Fimbra suspends third Barlow Clowes investment intermediary

BY RICHARD WATERS

A THIRD financial intermediary has been suspended in the wake of the collapse of the Barlow Clowes investment empire.

The opening of the Barlow Clowes operations there a year ago. Figures collected by Manchester lawyers Alexander Tatham, who have been in contact with around 2,000 of the 18,000 Barlow Clowes investors, suggest that Mr Pettie was one of the top half dozen intermediaries to put business into Barlow Clowes.

ICL may source more in Europe

By Hugo Dixon

ICL, THE largest UK-owned computer supplier, is planning to buy a greater proportion of its components from Europe, to take advantage of the single European market planned for 1992.

Ruling in 'poaching' dispute

BY MICHAEL SMITH, LABOUR STAFF

THE Trades Union Congress has ordered the TGWU transport workers' union to deny membership to 130 employees of Nalco, a government union, following a complaint of "poaching."

The ruling is also posing a dilemma for the TGWU branch at Nalco, which two years ago adopted a policy that it would leave the TGWU if any individual was denied membership.

At the heart of the dispute between the TUC and the EETPU electricians' union, but the EETPU is refusing to accept rulings, while the TGWU has announced its compliance.

Ex-executive of US bank faces fraud charge

THE FORMER VICE-PRESIDENT of the London branch of an American bank was accused yesterday of a multi-million-pound fraud against First National Bank of Boston.

Cramer assets freeze relaxed

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ORDER freezing up to £14,000,000 of the worldwide assets of Mr Guy Cramer, a former associate of Mr Peter Clowes, head of the Barlow Clowes fund management group, was relaxed by agreement in the High Court yesterday.

receivers of assets of portfolios operated by the company. Mr Michael Balfour QC for Mr Cramer, told Mr Justice Millett yesterday that the agreed arrangements were acceptable on an interim basis.

Tin creditors to obtain first sums

BY RAYMOND HUGHES

CREATORS of the International Tin Council - or more probably their lawyers - are about to receive the first small fruits of two years of litigation against the council, which collapsed in October 1985 owing an estimated \$900m.

Board finds slim base for training

By John Gapper, Labour Staff

HALF of Britain's engineering companies do not employ anyone with full-time responsibility for training staff, and very few have extensive staffing resources devoted to it, according to a survey from the Engineering Industry Training Board.

Ferry strikers defy union order to end office sit-in

BY JIMMY BURNS

THE National Union of Seaman could face further fines after the refusal of shop stewards yesterday to abide by a High Court ruling ordering the union to disassociate itself from mass picketing in Dover.

ordered them out. The strikers said they had decided to occupy the premises to force arbitration in the dispute.

Time runs out for Alton abortion bill

BY IVOR OWEN

THE PRIVATE Member's Bill to reform the abortion law was among 41 measures sponsored by backbench MPs that were abandoned in the Commons yesterday.

Education bill clauses may be reinstated

BY IVOR OWEN

TORY BACKBENCH peers were upset yesterday by a broad hint that the Government intends to ensure that the Commons reverses the defeat it suffered in the Lords over plans to introduce contract funding for universities.

clearing the final hurdle and are certain to become law include the Malignant Communications Bill (introducing stiffer penalties for hate mail) and the Environment and Safety Information Bill, which ensures that more information is available to the public about the location of safety and fire hazards.

Health service agreement is the first of the year

BY OUR LABOUR STAFF

A 5.5 per cent pay offer to 130,000 National Health Service administrative and clerical staff was accepted by unions yesterday, making it the first NES pay deal to be reached in collective negotiations this year.

Dons may face call for action on exam papers

BY OUR LABOUR STAFF

LEADERS of the Association of University Teachers threatened yesterday to call on members to refuse to mark examination papers in a dispute over pay.

Without a meeting, the association said, it would issue ballot papers asking for members to withdraw from appraisal schemes intended to remove promotion blockages.

FINANCIAL TIMES

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Saturday July 9 1988

Lawson on the high wire

AS BEFFITS a risk-taking entrepreneurial society, the UK has a risk-taking Chancellor of the Exchequer. Mr Lawson finds himself in the exhilarating position of a high-wire artist, who is imperilled by the smallest misstep on either side. On the one hand lies excessive external confidence in the UK economy, which gave him the unwelcome combination of an appreciating exchange rate and low rates of interest just a month ago. On the other lies worry over the current account imbalance, a currency collapse and soaring inflation.

Mr Lawson must give the impression that he is at least a little concerned about inflationary pressure in the economy, while making no concessions to those agitating about the current account. Once he accepts that the current account is, indeed, a danger in its own right, he loses his justification for use of a firm exchange rate to curb inflation.

He would then have to find other policy instruments, probably fiscal policy or credit controls, options he has again specifically ruled out this week.

The paradox is that bad news is good news. The disturbing events of the last several weeks - the rise of the dollar, the tightening of world interest rates (particularly in West Germany), the poor UK trade figures - have all helped the Chancellor to improve his balance on the policy high wire.

At the end of May sterling stood at DM 3.19 and base rate at 7 1/2 per cent. Now, only a little over five weeks later, sterling stands at DM 3.12 and base rate is at 10 per cent. This is exactly what the Chancellor has been praying for. With a little more bad news, interest rates could be higher still, which would be no bad thing at present.

External account

Can this happy conjunction last? Yes, so long as the news continues to be pretty bad, above all on the external account. Maintenance of the current floor to the exchange rate must also be combined with an announced willingness to let the exchange rate depreciate over time, at a rate roughly equal to the difference between interest rates in Germany and the UK, currently not far short of 6 per cent on three month money (and 3 1/2 per cent on longer term bonds). This would imply a floor a year from now of about DM 2.90-95, still above the rate in early 1987.

What if the news gets much better? The risk then is the Chancellor will again confront the choice between a higher

exchange rate and higher rates of interest, on the one hand, and lower rates of interest and a somewhat lower rate of exchange, on the other hand. With interest rates the only instrument he currently possesses to control the growth of credit, it would be wrong to let them fall immediately in response to a modest strengthening of sterling. The interest rate should be allowed to fall only as sterling climbs to a rate at which there is significant downward pressure on profits.

In estimating such an exchange rate ceiling, one needs to remember that corporate profitability is at levels not seen since the late 1980s. An appreciation of close to 10 per cent might now be needed before profits were significantly squeezed.

Sole reliance

Reliance on interest rates alone is awkward, especially as the current, long-wanted growth of investment could be aborted. Furthermore, the current account imbalance would then tend to become still worse. There is a good theoretical case for allowing private borrowing across frontiers, quite apart from the need for the UK to play its part in the global balance of payments adjustment. Yet the growth of the current account deficit must make one uneasy.

Mr Lawson might rule out credit controls, but a tighter fiscal policy might be needed. Panic fiscal measures are not required, since a current account deficit of as much as £10bn could almost certainly be financed, for a year or two, by a low-inflation, high-growth economy with net external assets of £145bn at the end of 1986. In the longer term, however, borrowing from abroad at such a rate would be very uncomfortable. What will probably be needed next year is a new medium term financial strategy, this time for an increased level of public savings.

In the meantime, Mr Lawson can feel reasonably content with the present bad news. So long as things get neither much better nor much worse on the external account, he should be able to retain the combination of policies he desires. But this does not mean he can escape the need for a far better articulated policy towards the exchange rate. Equally, he will have to look closely at the Government's contribution to the generation of saving in the economy as a whole. Risk-taking is fun, but no one can expect to stay up on a high wire for ever.

Stewart Fleming looks at the standing of the candidates for the US presidency

THE TWO rivals for the White House, still awaiting endorsement by their party conventions later this summer, are neck and neck in the polls - and neck deep, each of them, in his own particular difficulty.

The problem for Mr George Bush, the Republican, is summed up by one of his most senior political advisers: "You have to understand he is running for President from the very weakest place" - the vice presidency.

Meanwhile, Governor Michael Dukakis, his certain rival for the presidency, has his own heavy burden to carry into November's election: he is a Democrat.

Until last month some of Mr Dukakis's supporters were convincing themselves that in 1988 this was not going to be the liability for their standard bearer that it has been for almost all his predecessors since 1964 - the last year that a Democratic candidate, President Lyndon Johnson, swept imperiously into the White House. In spite of the Watergate scandal and a troubled economy, President Jimmy Carter only made it by a whisker in 1976.

The growing optimism among some of Mr Dukakis supporters largely reflected opinion polls in May and early June showing that Mr Dukakis had opened up a remarkable 10-15 point lead over the Vice President in polls which asked which man the voters would prefer in the White House. These hopes were reinforced last month by a new mood of unity in the party.

But as attention has moved away from the Governor's victories in the party primaries to some of his political problems in Massachusetts, particularly budget difficulties, voters are taking a more critical, second look at a man they know little about. Today, even though voters still have a positive feeling about him (the Governor's so-called "favourability" ratings in the polls are as high as President Reagan's) the latest polls show Mr Bush and Mr Dukakis level.

As Mr Dukakis prepares to make potentially decisive choices about the style of his campaign, including, in the run up to the convention, the selection of a running mate, a more balanced accounting of the strengths and weaknesses of the Vice President and the Governor is taking place.

For many Democrats, including Mr Stuart Eizenstat, President Carter's top domestic policy adviser, this assessment begins with the lessons of history. "The Republicans have an enormous regional advantage. They start with a built-in advantage... which we have to overcome. This will require a significant breakthrough in historic voting patterns."

Democratic concerns about regional voting patterns stem from the party's poor performance in presidential elections since the 1950s and from the belief that this is linked in part to the system which still makes it possible that, as in 1934, a candidate who does not win a majority of the votes can be declared the victor.

The explanation lies in the Electoral College. In a presidential election voters cast their ballots not directly for the President but for the 538 members of the Electoral College who select the President. Those 538 members - each pledged to a candidate - are a mirror image of a state's delegation in Congress. California, which has 47 members of Congress (45 in the House of Representatives and two Senators) accounts for 47 electoral college votes. So whichever candidate carries California immediately commands 47 electoral college votes and under one sixth of the total of 270 Electoral College votes needed to enter the White House.

The year of the Lyndon Johnson landslide, 1964, was the last time the Democrats won California. It was also the last year the Democrats won Illinois (the state which tipped the balance for John F. Kennedy in 1960), Indiana, New Jersey and Virginia.

Were it not for the fact that President



Grooming time for the contenders

Carter was a southerner, the same could probably be said of a bunch of states in the South, where Republicans have been gaining strength for a generation. Moreover, as Mr Eizenstat points out, President Carter won the White House without winning any states in the West.

The conclusion which many political strategists draw from this analysis is that at the presidential level the Democrats have become a narrowly based regional party, focused on the North-east and parts of the Midwest.

An analysis of the burden this imposes appears in the July edition of *The Atlantic* where Mr Horace Busby, a confidant of President Johnson, is quoted as describing the Electoral College as "a Republican institution." He maintains that just as the Republicans had a lock on the Electoral College from the Civil War to the 1920s ("the Lincoln lock") and the Democrats through the 1930s and 1940s ("the Roosevelt lock"), today the country is in the middle of another period of Republican dominance - "the Eisenhower lock." Twenty three states with a total of 202 Electoral College votes have voted Republican in each of the last five presidential elections.

Explaining how the Democrats have been corralled in presidential elections into a narrow electoral base, Mr William Schneider of the American Enterprise Institute, the author of the *Atlantic* report, says the party is the "victim of demographic change and ideological change." The shift of population to the South and West and to the suburbs, coupled with a widening perception among voters that the liberal Democratic philosophy was decaying into

ineffectual pondering to powerful interest groups and inattention to America's standing abroad and economic problems at home, have all worked against the Democrats.

Millions of working class whites have been shifting to the Republican Party. So too have many younger voters who found an ageing but optimistic President Ronald Reagan particularly attractive. According to the latest *Times Mirror* polls published last month, these younger voters (the "upbeats") are

Democrats are convinced they can achieve the swing to put Mr Dukakis in the White House

sticking to Vice President Bush. But the polls also confirmed that a growing number of swing voters, particularly white trade unionists, who see themselves as Democrats but voted for Mr Reagan, may be on the verge of moving back to their Democratic home.

It is the consistency of a wide range of polls over the past year which has convinced Democrats that in 1988 their party can overcome the regional handicap in the Electoral College and achieve the daunting nine percentage point swing in the popular vote needed to propel Mr Dukakis into the White House. This optimism stems less from the unreliable early polls of voting intentions and more from detailed data about voters' deeper perceptions about the candidates, parties and national mood.

fessed Democrats who voted for Mr Reagan in 1980 and 1984.

Part of the problem, it is argued by his friends, is that the Vice President has been so self-effacing and loyal that he is not seen as a strong leader in his own right. Thus he is feared automatically with the failures of the Administration but does not automatically inherit much credit for its successes. In particular, critics argue that he cannot communicate strongly held convictions about where he wants to lead the country because he does not have any. The more balanced view, however, is that Mr Bush's critics are no longer satisfied with the direction the Democratic Party's leadership has taken since he took office in the Capitol Hill who has dealt with him frequently, is that Mr Bush, whatever his problems as a candidate, is an experienced public servant who would make a good President.

Mr Bush's difficulties do not mean he has no chance of benefiting from what voters see as the Vice President's achievements. He will have to work hard to establish in the minds of the electorate the view that by selecting him they are, for example, opting for more of the same.

Mr Bush also has a particular disadvantage in that many women voters take a profoundly negative view of him. The crack that Mr Bush reminds women of their first husband is translating into a gender gap which gives Mr Dukakis a lead of around 30 per cent among men. One Democratic pollster, Mr Peter Hart, has gone so far as to predict that the first time women will vote will be over the top.

Just as voters' perceptions of the two candidates are ill-defined and present both candidates with opportunities as well as risks, so too does the mood of the country. Since last year polls have consistently shown that by a narrow margin the voters are no longer satisfied with the direction the country is taking and that more and more of them see the Democrats as better able to deal with some of the key issues.

The Republicans' problems are frequently traced back in part to the shock which the Iran-Contra scandal gave to public confidence in the Reagan Administration, and to the succession of setbacks the President has suffered since October to the growing perception that he has been ineffective in tackling the drug threat. Arguably, however, disenchantment began earlier - Democratic victories in the 1986 congressional elections are cited to support this view. What is clear is that the country is ready for cautious change.

Mr Bush, who represents primarily continuity, must somehow graft on to his campaign a sense that he stands for change as well. His advisers, fearing that if they start too soon their effort will be wasted, have decided that they are going to wait until the voters are focusing on the election in September before they begin to do this in earnest.

Simply by being the challenger to the incumbent Vice President, Mr Dukakis represents change. In tune with the times, he is stressing that he wants to work in partnership with Congress, business, and the states, and is presenting himself as a man who wants to unite the country to meet the economic challenges that the voters fear. Mr Bush, in contrast, is identified with the most ideologically confrontational President of the post-war period.

The polling data is quite uniform in suggesting that Mr Dukakis is ahead on several fronts. But the Democratic Party's problems in recent presidential elections and the country's uncertainty about how much change is needed, suggest that the odds still favour a close election. This is why the decision that Governor Dukakis makes in the next few days, and Mr Bush in the next few weeks, about whom to select as their vice presidential running mates and where to focus their resources, could have a significant impact on the outcome in November.

Man in the News

Cuauhtemoc Cardenas has broken the 70-year power monopoly of Mexico's Institutional Revolutionary Party (PRI). Win or lose in this week's fiercely disputed presidential election - the official result is due tomorrow - he has cracked open the longest enduring regime and arguably the most hermetic political culture in the non-Communist world.

It had to be somebody from the inside who would do the job from the outside. Let it itself, the PRI no longer a party but a corporatist web of inert, vested interests, is incapable of reform.

Mr Cardenas had tried. Until last year's party congress, he and former PRI president Porfirio Munoz Ledo's Democratic Current faction fought for a nationalist, democratic platform from inside the party. The Government and PRI leadership closed ranks against them, leading to their *de facto* expulsion, and, through Mr Cardenas's ability to unite both nationalist and orthodox left behind him, to the creation of the mass movement which is rattling the gates of the regime.

The future of the PRI, throughout most of this century inextricably intertwined with the destiny of Mexico, is now on a knife edge. The question is: how many votes did Mr Cardenas gain in Wednesday's election?

At stake is much more than the credibility and legitimacy of Mr Carlos Salinas de Gortari, the former Planning Minister, who, in lieu of results, was declared victor by the PRI hierarchy early on Thursday in "an overwhelming, legal and unobjectionable triumph." The young, reform-minded Mr Salinas emerged as the regime's candidate largely in response to the Cardenas challenge, which he himself believed would be his most potent weapon for purging the PRI and making it a modern, quasi-social democratic party.

But if the Cardenas forces have won too many votes - and they certainly got many more than the regime simply expected - Mr Salinas may become a prisoner of the party barons and "dinosaurs"

Cuauhtemoc Cardenas

The odd man in enlivens Mexico's fiesta

By David Gardner

Man in the News

Cuauhtemoc Cardenas, Mexico's most revered post-revolutionary President, who nationalised oil in the 1930s, distributed land to the peasants and poured a Popular Front-style mass movement built round these policies into the corporatist mould of the PRI.

Mr Adrian Lajous, a perceptive and mordant former official turned columnist, has pointed out that Cuauhtemoc is not so much the son of Cardenas, the triumphant leader, as of Cardenas, the ex-President, who, for three decades after leaving office in 1940, had to watch the machine he had created erode the socialist and nationalist intent of his reforms and become self-perpetuating.

But Mr Cardenas patently feels he cannot betray or besmirch his father's name. As a young man, Cuauhtemoc was a radical, but

his fundamentalism, his earnest belief in the precepts and principles of the 1910-17 revolution from which the PRI emerged, was there from the outset.

In 1932 he supported a precursor of his own challenge, made by Gen Henriquez Guzman, to the regime's hand-picked candidate. The 1954 US-organised toppling of the reformist Arbenz government in Guatemala was a formative experience. Following the 1959 Cuban Revolution he became a leading light in the National Liberation Movement, a fringe group and seed-bed for the left, which pressed for a return to Mexico's revolutionary roots.

He joined the PRI in 1967 and in 1973 shocked the party establishment by fighting an open campaign for the governorship of his home state of Michoacan. Rather than have him on the

loose, the regime made him a senator (1976), deputy Agriculture Minister (1976-80) and finally Governor of Michoacan (1980-86), which he turned into a bastion impregnable even to the PRI.

His campaign was ignited there, by hundreds of thousands of peasants who see themselves as unwelcome guests at the fiesta of modernisation being organised by the largely Ivy League-trained technocracy which rules Mexico. As they constantly say, Mr Salinas and his group are *fueranos* (outsiders) whereas Cuauhtemoc "is a Mexican... he looks like us, he talks like us. Because of his father, he won't betray us."

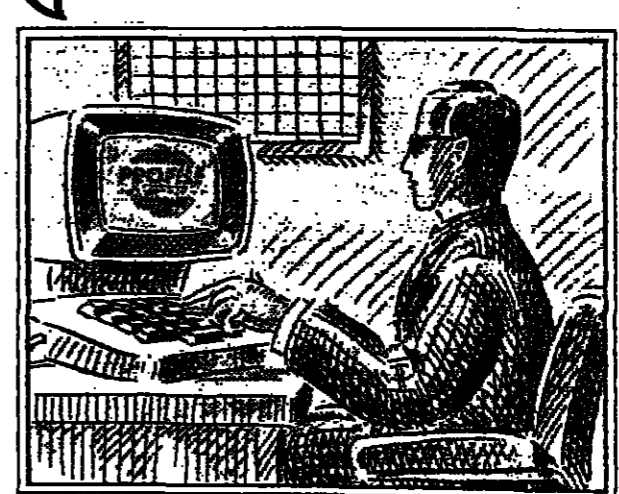
Mr Cardenas has been able to link up the reawakened countryside, a PRI flit, with the cities, declaiming the PRI itself and drawing in the mass of individuals and independent organisations which the ruling party's creaking structures cannot absorb.

This inability was exposed by the September 1985 earthquakes when hundreds of thousands of Mexicans instantly organised themselves and revealed the PRI as an emperor with no clothes. Mr Munoz Ledo, the verbally volatile but cool-headed strategist of the Cardenas schism, dates its birth from that event and its winding from June 1986, when Mr Jesus Silva Herzog, the Finance Minister, resigned and it became clear, in the Cardenista view, that payment of the \$103bn foreign debt would be used as a weapon to enforce structural economic change - government, in effect, from outside.

The stated Cardenas strategy now is to ensure clean election results and to "delegitimise" Mr Salinas if it can be proved that he has more votes than he should have. This "use of the full might of the law" - as Mr Cardenas described it yesterday - is both a guarantee and a liability for the regime. It means that if he thinks he has won - and he said yesterday: "The figures we have indicate that in the end we may have a majority" - he will not negotiate. For Cardenas to claim legal victory could unleash a constitutional crisis. For Mexico it would certainly be revolutionary.



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David White and Robert Mauthner report on the £10bn UK-Saudi deal

Britain's arms sale of the century

THE UK-SAUDI arms agreement unveiled yesterday, five days after it was signed, is staggering both by its sheer size and by its strategic importance...

The agreement is expected to be worth at least £10bn, how much depends on detailed contract negotiations still to come. It is officially part two of the so-called Al Yamamah programme...

prevented the sale of Maverick air-ground missiles. Yesterday's news comes as a bitter blow to the French, who have been hoping to extend their previous successes in Saudi Arabia...

to the 72 ordered in part one, of which 20 have so far been delivered. Up to 60 Hawk advanced trainers. These are expected to include the new Hawk 200 single-seater version...

flashed shipyard, which is understood to have an "initial understanding" for six Sandown class minehunters worth about £30m each. Vosper is the builder of the Hunt class mine counter-measure vessel which has been used by the Royal Navy in the Gulf...

spectrum of the offset guidelines. Under the prompting of Prince Sultan Bin Abdul Aziz, the Saudi Defence and Aviation Minister and Second Deputy Prime Minister, the terms are extended to embrace anything considered of economic benefit to the Kingdom...

general escalation of the arms race in the Middle East, involving not only the traditional suppliers such as the US, the Soviet Union, France and Britain, but relative newcomers such as China, Argentina, Brazil and North Korea.

for arms. It is clear that these setbacks were not unexpected with the controversial purchase from China by Saudi Arabia of the so-called "East Wind" or CSS-2 missiles which, with a range of some 1,600 miles, can threaten both Israel and Iran.

It is true that the Saudis could not have purchased these missiles from the West, given the signature last year by seven industrialised western nations of a Missile Technology Control Regime (MTCR) aimed at stopping the proliferation of such weapons...

TO SOME people, Richard Branson's strategic retreat from the Stock Exchange might seem like a stunning defeat. But the 37-year-old chairman of the Virgin Group is very relaxed about his move to take the company private only 18 months after floating it on the Stock Exchange.

Raymond Snoddy talks to Richard Branson about the Virgin buyout

The man with no regrets

From the City's point of view, more important than his well-publicised adventures was his decision, once Virgin had been floated, to resist the pressures to compromise on long-term strategy in exchange for short-term profits...

worry about City analysts trying to second-guess his instincts. Meanwhile, as Virgin shareholders were wondering about the low share price, Richard Branson continued to pursue both the long-term development of Virgin and his extra-curricular activities...

the flotation, Virgin Atlantic Airlines, is taking over the Virgin Atlantic's US routes by early next year. He has already applied for permission to fly to Hong Kong and Tokyo and is interested in doing so for Australia.

Although Virgin says the US operation is going better than expected and should move into profit in 18 months, leisure analysts emphasise that Virgin is in a fashion business without guarantees. They point out that the company has not had anything as big as Boy George and Culture Club for some time.



ensure that the 40,000 shareholders who supported him at least get their money back. But the way he tells it, his retreat from the City will eventually turn out to be a minor hiccup on the road to his ultimate ambition - the creation of Europe's largest entertainment company.

Brief chronicle of the time

From Mr W.D.D. Orde. Sir, Sir Nicholas Goodison, the departing chairman of the stock exchange, has predicted that technology will be the main pre-occupation of the year 2000...

Steamed up over steam

From Mr Trevor Dalley. Sir, I find it surprising that David Fishlock ("Cream of steam", Weekend FT, July 2) gave any credit at all to the great Cornish inventor Richard Trevithick...

Trevor Dalley, Trevithick Centre, 14 Rosemilk, Camborne, Cornwall

Letters to the Editor

'Some forms of investment are riskier than others'

From Mr M.E. Burn. Sir, Mr Eric Short asks Abbey National to clarify its attitude on deposit based pensions (Weekend FT, July 2).

It may be that people in this market sector are unhappy about entrusting savings for retirement in investments which may go down as well as up. Perhaps they are already saving with building societies for retirement.

From Mr J.M. Gibson. Sir, As a building society man for 26 years you might assume that I would find Mr Short's comments (Weekend FT, July 2) on a cash deposit based personal pension offensive and aggressive.

Attack on the roots of Romanian life

From Mr Ion Ratin. Sir, The media have reported sporadically about the wholesale destruction of all historical tradition in Romania - a same mistake, pointing to danger only for the Hungarian ethnic minority inhabiting parts of Transylvania.

Because Hungary is not a signatory of the United Nations Convention of July 28 1951, these Romanians depend on recognition of their refugee status by the government in Budapest to be able to emigrate into the free world.

From Mr Peter Kluger. Sir, The application of the Peter Principle ("Fresh Thoughts for Organisational Stupidity", June 22) could be illustrated by the following: This is a story about four people: Everybody, Somebody, Any-

ADVERTISEMENT BUILDING SOCIETY INVESTMENT TERMS. Table with columns: Product, Applied rate net, Net CAR, Interest paid, Minimum balance, Access and other details. Lists various investment products from Abbey National, Alliance and Leicester, etc.

Successful administration is invisible - poor administration is all too apparent

From Mr Ian Bailey-Stadmore. Sir, Michael Dixon's article "Fresh Thoughts on Organisational Stupidity" (June 22) raises important issues. As a corollary to Dr Laurence Peter's "Principle", and the differing view that "in an organisation, responsibility rises to a level at which people are incompetent to discharge it, I offer a further high position in business: involve the individuals concerned more in administration and less in the area of expertise which probably put them on the promotion ladder in the first place. They are promoted out of their area of technical competence and expertise, and spend much of their time struggling with administration for which they have had little or no training.

Also, the application of professional administration is wide, both in the diversity of organisations as well as at the many levels within a particular organisation. Typically, many individuals on the receiving end of administration have vastly different perceptions of it because they are dealing with only one tiny window of the function.

body and Nobody. There was an important job to be done, and Everybody was asked to do it. Everybody was sure Somebody would do it. Anybody could have done it, but Nobody did it. Somebody got angry about that, because it was Everybody's job. Everybody thought Anybody could do it. Nobody realised Everybody wouldn't do it. In the end, Everybody blamed Somebody when actually Nobody asked Anybody.

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood-Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns: NATIONAL AND REGIONAL MARKETS, THURSDAY JULY 7 1988, WEDNESDAY JULY 6 1988, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Hong Kong, India, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, United Kingdom, USA, Europe, Pacific Basin, North America, etc.

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FT ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Friday July 8 1988, High, Low, Since Completion. Rows include CAPITAL GOODS, Building Materials, Construction, Electronics, Mechanical Engineering, etc.

TRADING VOLUME IN MAJOR STOCKS

Table with columns: Stock, Volume, Stock, Volume, Stock, Volume. Rows include ASA Group, Astra, British Airways, etc.

ECONOMIC DIARY

MONDAY: Department of Trade and Industry publishes June provisional producer price index numbers. EC Economic and Finance Ministers meet in Brussels. ... TUESDAY: May quarterly analysis of bank advances from the Bank of England. ... WEDNESDAY: June provisional figure of vehicle production from the

FIXED INTEREST

Table with columns: PRICE INDICES, AVERAGE GROSS REDEMPTION YIELDS, British Government, etc. Rows include 1-5 years, 5-15 years, 15-25 years, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Jul 88, Aug 88, Sep 88, Oct 88, Nov 88, Dec 88. Rows include GOLD C, EURO INDEX C, etc.

APPOINTMENTS

Senior post at Gestetner: Mr Keith Strachan has been appointed chief executive of GESTETNER UK sales and marketing subsidiary of Gestetner Holdings. ... Mr Patrick Cooper, previously chief executive of Steel Brothers Holdings, has been appointed director of RECKITT & COLMAN.

BASE LENDING RATES

Table with columns: Bank, Rate, Bank, Rate, Bank, Rate. Rows include AIB Bank, Allied Irish Bank, Anglo Irish Bank, etc.

CONSTRUCTION

Mr C.M. Sherwood and Mr J.A.M. Huthinson have been appointed joint managing directors of THE IVEAGH TRUSTEES. They have also been appointed joint managing directors of a wholly-owned subsidiary, Endurance Fund Management. Mr I.S.S. Ferris, CORRECTION: Mr Derrick E. Reding, personnel director of Northern Engineering Industries, has been appointed president of the NATIONAL ENGINEERING CONSTRUCTION EMPLOYERS' ASSOCIATION.

Expert advice on the Stockmarket - free for 4 weeks

Advertisement for IC Stockmarket Letter. Text: 'Stockmarket conditions have changed radically since October 1987. You may be tempted to see only the uncertainty and become mesmerised into inactivity. But don't be! What is needed now is a different approach to investment portfolios. With the help of IC Stockmarket Letter each week you can start to adjust your portfolio to the new circumstances. We'll show you how to act - when to move. COPING WITH A NEW WORLD. We'll give you expert advice on how to deal with these changed circumstances, and do so absolutely free for 4 weeks. At the same time, as a subscriber to the IC Stockmarket Letter, you also receive two introductory guides with our compliments to help you understand the stockmarket. Just fill in and post the form at the bottom of the page. 2 FREE GUIDES, 4 ISSUES FREE. Essential reading with your trial subscription - "Making the most of your IC Stockmarket Letter" shows you how to get the most out of the information we give you. The "Pocket Guide to the Stockmarket" is a handy booklet explaining what you need to know about how to weigh up shares. And it includes a comprehensive glossary to help you cope with all that puzzling stockmarket jargon. Yes, please enter my subscription to IC Stockmarket Letter at the UK rate of £80. I understand that I will receive 55 issues of the first 4 m free. After receiving my 4 free issues of IC Stockmarket Letter I can cancel. Any payment I make now will be refunded in full. If I choose to have you bill me, then cancel, I will owe nothing. I understand I will also receive your introductory guide to IC Stockmarket Letter and the Pocket Guide to the Stockmarket. Please tick box: [] I enclose a cheque for £... payable to FT Business Information Ltd. [] I wish to pay by credit card. 820241. Please debit my account. Visa [] Access [] Amex [] Diners [] Exp. No. [] Exp. date [] Signature [] Date [] Please bill me. Mr/Ms/Miss [] Job Title [] Company/Private Address [] Postcode [] Nature of Business [] Please return to: FT Magazines, Subscription Department, 1st Floor, Cannon Street, 27 Park Street, FINSBURY, Croydon CR9 3EP.

INTERNATIONAL COMPANIES AND FINANCE

Murdoch takes over Auckland Star

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND'S newest daily newspaper, the Auckland tabloid The Sun, was closed abruptly yesterday in a major shakeup which has intensified the Murdoch-controlled Independent Newspapers' grip on the local publishing industry.



Rupert Murdoch (left) and Sir Ron Briceley

In a deal worth NZ\$72m (US\$48.7m), Independent Newspapers, which publishes The Dominion, The Press, The Evening Post and a host of provincial and suburban newspapers, as well as magazines, has bought the ailing Auckland Star from NZ News, controlled by Sir Ron Briceley, the New Zealand entrepreneur.

The deal sees The Sun, set up just before last year's August general election, sacrificed to try to boost the fortunes of the Star, Auckland's only afternoon daily paper. The Sun was reported to be losing NZ\$1m a month and is expected to have cost NZ News \$3m over the last year.

Independent Newspapers' latest purchase, which is subject to the Overseas Investment Commission and the Commerce Commission approval, would give it close to half of total circulation in New Zealand. It bought the Christchurch Press last year for NZ\$115m.

Previously, the circulation was a fairly even three-way split, between Independent Newspapers, NZ News and Wilson and Horton (the New Zealand Herald owner).

Mr Tony Wilson, president of the journalists' union, said he was shocked and surprised, and had had no indication any such move was coming. He thought prospects for the paper had appeared bright, with circulation steadily improving.

Singer sells Link unit to CAE for CS665m

By Robert Gibbons in Montreal

CAE INDUSTRIES, one of Canada's largest high technology groups, is buying the military simulation and training services division of Singer, the US defence and aerospace group, for C\$665m (US\$555m).

CAE, which has about 40 per cent of the world commercial flight simulator market, has been negotiating the deal since spring.

Singer is now owned by Mr Paul Briszian, the US corporate lawyer who is selling off assets to reduce debt. This week it sold its motor products division to Ryobi of Japan for US\$325m.

CAE will operate the Link military simulator business, whose customers include the US Army, Navy and Air Force and NASA, as a separate US unit. It employs 7,500 and has annual revenues of US\$550m.

CAE recently sold its three auto parts businesses, providing it with the ability to make US\$500m of high technology. It is already an important defence contractor both for the Canadian and US governments.

Its existing simulator business, CAE Electronics, is in Montreal and has been expanded five times in the past decade. It counts all the world's major airlines as among its customers for commercial flight simulators.

Tokyo SE has no room for James Capel or BZW

BY IAN RODGER IN TOKYO

A TOKYO Stock Exchange official reaffirmed yesterday that the exchange was still unable to admit two leading UK securities groups, James Capel and BZW, to the Tokyo market.

He said the fact that the Bank of England had this week allowed the leading Japanese securities groups, Nomura Securities and Daiwa Securities, to become dealers in the UK pit-gedged market was "unrelated" to the TSE membership problem.

It was "physically impossible" to admit new members to the TSE because there was no room for more traders on the exchange floor, he said. Moreover, the decision by the UK authorities on Nomura and Daiwa was not an indication that the TSE's thinking.

Capel and BZW applied to become members of the TSE last year, but their applications were rejected because of their lack of experience operating in the

Tokyo market. The UK Government has since been pressing the Japanese authorities to admit the two, on the grounds that, as in London, any qualified securities broker should be able to become a member of the TSE.

The pressure grew in April, when the UK authorities suddenly decided to postpone the planned entry of Nomura and Daiwa to the gilt market.

A British official in Tokyo said that the blocking of Nomura and Daiwa had been lifted in the hope that it would put moral pressure on the Japanese authorities. He said that there had been no concrete assurances from the Japanese that it would lead to Capel and BZW getting their membership, although the Japanese prime minister, Mr Noboru Takeshita, had assured Mrs Margaret Thatcher of his personal interest in the matter.

"We are hoping that a demonstration of openness in London will bring a similar response in

Tokyo," the official said. "It is an act of faith, but we are still as anxious as ever to see the two groups get their memberships."

There have been suggestions that the TSE would become more willing to think about more members once the last year's new members had all begun operations. That process has nearly ended. Yesterday, UBS Phillips and Drew and Dresner Securities began trading, leaving only two that have not yet started.

Another factor may be the future of Mr Michio Takeuchi, the TSE's president. His second three-year term ends in November and it is not clear whether he will continue. Some analysts suggest that a new president might find it easier to adopt a more open policy towards foreign members.

One broker said the main hope was that members among Japanese firms could free a couple of seats in the next few months.

See Lex

Sanyo Electric pre-tax doubled at halfway stage

BY CARLA RAPOPORT IN TOKYO

SANYO ELECTRIC, a major consumer electronics company, more than doubled its pre-tax profits for the six months ended last May, thanks to booming domestic demand for its products.

The company, which dropped into losses at the operating level both last year and the year before, reported pre-tax profits of ¥12.5bn (US\$86.7m) for the six months, on sales of ¥460.8bn. This compares with pre-tax profits of ¥5.8bn on sales of ¥434.6bn in the same period last year.

The company said the boom in consumer spending, plus the increased house-building activity, led to strong sales for all of its departments in Japan. Specifically, sales of information equipment, vending machines, air conditioners, batteries and semiconductors increased by 17 per cent overall and accounted for more than two-thirds of Sanyo's domestic sales.

Information equipment, semiconductors, batteries and computers increased their sales. But total exports declined 13 per cent, largely because of Sanyo's increased overseas production and the impact of the high yen.

For the full year, sales are expected to jump to ¥960bn, from ¥900bn last year, while pre-tax profits should hit ¥360bn, compared with ¥170bn last year.

The company added that it is working hard on developing new businesses and has established a housing design systems division, aimed at the new home automation market.

GFSA gold mines income raised in second quarter

BY CARLA RAPOPORT IN TOKYO

GOLD FIELDS of South Africa (GFSA) has reported that the combined net income of its seven gold mines increased by 17.9 per cent to R364.7m (US\$156.5m) in the second quarter of 1988, against R309.2m in its first quarter, APJ reports from Johannesburg.

But total gold production declined by 1.5 per cent to 30,185 kg from 30,614 kg in the previous quarter, because of a fall in average grade to 8 grams per ton milled, from 8.2 g/t.

However, the average price per kilogram rose by 5.3 per cent to R31.541, from R29.944, resulting in a 3.8 per cent higher gold revenue of R952.8m. Working costs increased by 6.4 per cent, to R217.7 million.

Driefontein Consolidated, recorded a net profit for the quarter of R135.8m, up 8.6 per cent from R125.1m.

The East Driefontein section produced 7,987 kg of gold, down by 2.6 per cent from 8,178 kg. The yield fell to 11.3 g/t from 11.6 g/t. West Driefontein's gold production was up slightly to 7,200 kg from 7,197 kg, with the yield level at 10 g/t.

Kloof, the group's second-largest producer, had a 33.5 per cent increase in net profit to R138.3m, from R102.1m. Gold production was unchanged at 7,280 kg, with the yield remaining at 13.5 g/t.

Luthy to leave Shearson Lehman

BY CARLA RAPOPORT IN TOKYO

MR PETER LUTHY is leaving Shearson Lehman Hutton International to pursue other business interests, writes Dominique Jackson. Mr Luthy joined Shearson in 1982 where he was responsible for building up the company's European presence.

His most recent experience with Shearson was in the international merchant banking business. The company said Mr Luthy's departure was amicable.

Omni Holding buys stake in German glass maker

BY WILLIAM DULLFORCE IN GENEVA

OMNI HOLDING, the parent company of the group controlled by Mr Werner Rey, has bought a 26.4 per cent interest in Gerdau-Glas, a Düsseldorf glass maker.

The stake, sold by the Owens-Illinois group of the US, makes the Swiss financier Gerdau-Glas the second largest shareholder after Westdeutsche Landesbank, which holds over 30 per cent.

Expansion costs blamed for Oce downturn

By Laura Ratin in Amsterdam

OCE-VAN DER Grinten, the Dutch photocopier maker, saw net profits slip by 3 per cent to F12.6m (US\$11m) in the second quarter from F12.6m a year earlier on account of geographical and production expansion costs.

Activities in the US - mostly business-office copier machines - have been expanded rapidly in recent years. In addition, office automation has grown up alongside Oce's traditional lines of photocopiers for design engineering and business offices.

Sales edged up 2 per cent to F1.46bn in the quarter from F1.45bn in the same period of 1987. The sale of OSA Holdings, Oce's South African operations, earned some pressure.

In the first half of 1988, Oce reported a 5 per cent decline in earnings to F1.8m from the 40m expansion costs and the strong revenue to hit F1.8bn.

Revenue rose 3 per cent to F1.52bn from F1.48bn.

WORLD COMMODITIES PRICES

Week in the Markets

BY ITS own recent standards the London Metal Exchange has had a pretty quiet week - although not so long ago rises of \$125 a tonne for high grade aluminium, \$26.75 for zinc and \$3.50 for lead would have been viewed as major bull moves.

"Backwardations", as these premiums are known in the trade, are a reversal of what is regarded by older traders at least as the normal situation. Other things being equal, the costs of holding physical metal - storage, insurance and so on - should be reflected in premiums for forward positions, known as "contango".

Amid accusations that metal was deliberately being withheld from the market to drive up prices the LME Board, which was already closely monitoring the trade in nickel, aluminium and copper, last month took the unusual step of calling its clearing members to a special meeting and lecturing them about the need to take a more realistic attitude to making metal available to the market.

Whether or not that message hit home may never be known, but since then the situation has certainly calmed down noticeably.

At last night's close aluminium's cash price stood at a manageable \$95 a tonne, while copper's was down to \$28.50 from \$48.50 a week earlier and \$30 two weeks ago. Although the zinc market remained strong the cash premium had narrowed by \$4.75 to \$26.25 a tonne, a turnover of \$2.5m.

The LME's silver market also turned in a strong performance, with the cash price gaining 26 cents on the week to 685.5 cents a troy ounce. Silver's popularity with US investors meant that it was the first of the precious metals to respond to inflationary fears resulting from the North Sea oil platform disaster.

The effect of that disaster on the crude oil market was also reflected in London's precious metal market. The August delivery option jumped to \$134.75 a tonne on Thursday before falling back in line with crude oil and the week \$6 up on balance at \$132.50 a tonne.

Concern about the continuing US drought kept the world sugar market on the boil. The London daily raw sugar price climbed to a 6-year high of \$372 a tonne before falling sharply yesterday to \$352.50 a tonne. But that was still \$6.00 above the \$346.50 price of the first of the previous month.

On the Baltic International Freight Futures Market, however, the drought was having the opposite effect as the prospect of reduced grain shipments from the US hastened the world freight market into its traditional summer doldrums.

Table with columns: Commodity, Latest prices, Change on week, Year, High 1988, Low 1988. Includes Gold, Silver, Aluminium, Copper, Lead, Nickel, Zinc, Tin, Cocoa, Coffee, Sugar, Barley, Wheat, Cotton, Wool, Wood, Rubber, Oil.

Table with columns: Commodity, Close, Previous, High/Low. Includes SOYABEAN, WHEAT, BARLEY, RICE, etc.

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Handwritten note: July 9 1988

NEW YORK (3 pm)

Table of New York stock prices including Dow Jones, S&P 500, and various individual stocks.

July 8

Table of stock prices for July 8th.

July 7

Table of stock prices for July 7th.

July 6

Table of stock prices for July 6th.

July 5

Table of stock prices for July 5th.

July 4

Table of stock prices for July 4th.

Wall Street Dow slides as bonds stay low

Blue chips moved to session lows on Wall Street after drifting in a narrow band most of the day, influenced by the bond market, which had been lower all session.

Canada

Mixed trading at midsession saw Toronto share prices marginally lower as declining gold and energy issues outweighed rising base metals and industrials.

Tokyo

Unease about the recent volatility in the exchange markets North American closing prices were not available for reports in this edition.

Hong Kong

Light institutional selling saw

abated and share prices in Tokyo closed higher on broadly-based buying.

The Tokyo Bay redevelopment boosted related stocks, with Nishin Steel rising 2% to 2,752.50, Ishikawajima-Harima Heavy Industries 3% to 2,100.00, and Onoda Cement 1% to 1,170.00.

Frankfurt

Trading was active, with share prices ending higher but off the best levels of the session. Profiting before the weekend, partially offset underlying bullish sentiment.

Australia

Demand for quality industrial and mining stocks sent share prices higher for the sixth successive session.

Amsterdam

Share prices closed firmer in moderate trading, and the all share trend index closed 0.4 points higher at 86.2.

Stockholm

Moderate trading saw prices strengthen and the index for the 16 blue-chip companies rose 1 per cent.

Paris

Wall Street's uneven opening performance had a dampening effect and French shares ended unchanged despite a surprise cut in the key interest rate.

Singapore

Speculative buying and bargain-hunting led to share prices closing generally higher, assisted by Tokyo's 188.50-point rise.

Brussels

Trading was moderate, despite Wall Street's lower trend, and Belgian shares ended slightly firmer.

Zurich

A mixed early pattern gave way to more lively trading, and Swiss share prices closed slightly firmer.

Milan

Profit-taking continued to cut into gains posted earlier this week and share prices closed lower.

INDICES

NEW YORK DOW JONES

Table showing Dow Jones and S&P 500 indices for various dates.

CANADA

Table showing Canadian stock indices.

NEW YORK ACTIVE STOCKS

Table listing active stocks in New York.

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CURRENCIES AND MONEY

LONDON STOCK EXCHANGE

FOREIGN EXCHANGES

US dollar up on job data

THE DOLLAR rose sharply yesterday after better than expected US unemployment data, although the extent of its rise was held briefly by intervention from the US Federal Reserve Bank.

the dollar to overseas investors, and the consequent ripple effect pushed the D-Mark to a nine-month low, despite intervention by the Bundesbank.

Consequently it rose to DM3.1275 from DM3.1200 and FF110.5225 from FF110.4975. Against the yen it rose to Y226.75 from Y226.25. Elsewhere it finished at SF2.6225 from SF2.6225 and £1.7020 against \$1.7175.

£ IN NEW YORK

Table with columns: Bid, Ask, Bid, Ask, Bid, Ask. Rows for various currencies like US Dollar, Swiss Franc, etc.

STERLING INDEX

Table with columns: Bid, Ask, Bid, Ask, Bid, Ask. Rows for various indices like FTSE 100, etc.

CURRENCY RATES

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CURRENCY MOVEMENTS

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OTHER CURRENCIES

Table with columns: Bid, Ask, Bid, Ask, Bid, Ask. Rows for various currencies like Australian Dollar, etc.

MONEY MARKETS

UK rates finish higher

INTEREST RATES were pushed higher in London yesterday after a fall in US unemployment figures revived inflationary fears in the US.

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LONDON MONEY RATES

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FINANCIAL TIMES STOCK INDICES

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LONDON REPORT AND LATEST SHARE INDEX: TEL 0898 123001

THE UK DEFENCE Ministry's announcement of a major defence sales agreement with Saudi Arabia provided a significant boost to confidence in both equities and gilt-edged securities in London yesterday.

With the eventual contracts for the "additional aircraft, construction programme and specialised navy vessels" likely to offer opportunities across the full range of the UK defence industry, share buying quickly broadened.

EURO-CURRENCY INTEREST RATES

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EXCHANGE CROSS RATES

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FT 1000 INTERBANK FIXING

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Markets encouraged by Saudi deal

owed a good deal to technical closing by trading houses caught out by the Bank of England's announcement that its next operation, on August 10, will consist of bonds with maturities of up to seven years; the market had been expecting a long-dated bond.

Nevertheless, the bond sector remains nervous pending a batch of UK economic data, comprising Producer prices for June, due on Monday, the May statistics on Industrial Production and average earnings due on Thursday.

British Aerospace was given a major boost by the huge Sandia Arabian arms deal. The agreement for the sale of more than 100 aircraft which the company builds was particularly welcomed.

Other possible beneficiaries of the deal came into prominence. Vespene Technology, which constructs the Sandown class minisub, closed 5 1/2 to 210p. There was a flurry of activity in Smiths Industries which ended 5 1/2 dearer at 260p after closing 5 1/2 at 255p.

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agreed profits forecast from House Govet, the company's brokers, continue to attract considerable interest. Around 4m shares traded with the price closing up 9 more at 487p for a gain of 36 on the week.

Elsewhere in the Building sector, Meyer, still reflecting the recent management buy-out of Blackwell Buildings, advanced 15 further to 427p.

Confidence returned to the oil and gas sector, despite the downturn in crude oil prices. British Gas was the outstanding performer with the shares moving up 3 to 184p on turnover of 11m as recent selling pressure dried up.

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LONDON MONEY RATES

Table with columns: Bid, Ask, Bid, Ask, Bid, Ask. Rows for various currencies like US Dollar, Swiss Franc, etc.

NEW YORK

Table with columns: Bid, Ask, Bid, Ask, Bid, Ask. Rows for various currencies like US Dollar, Swiss Franc, etc.

LONDON MONEY RATES

Table with columns: Bid, Ask, Bid, Ask, Bid, Ask. Rows for various currencies like US Dollar, Swiss Franc, etc.

NEW YORK

Table with columns: Bid, Ask, Bid, Ask, Bid, Ask. Rows for various currencies like US Dollar, Swiss Franc, etc.

LONDON MONEY RATES

Table with columns: Bid, Ask, Bid, Ask, Bid, Ask. Rows for various currencies like US Dollar, Swiss Franc, etc.

NEW YORK

Table with columns: Bid, Ask, Bid, Ask, Bid, Ask. Rows for various currencies like US Dollar, Swiss Franc, etc.

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DEALINGS

Details of business done on the London Stock Exchange...

Corporation and County

London County Council 1988-89...

UK Public Bonds

Government of the United Kingdom...

Foreign Stocks, Bonds, etc.

Foreign Stocks, Bonds, etc. (coupons payable in London)

Breweries and Distilleries

Breweries and Distilleries (No. of bargains included)

Registered Housing Associations

Registered Housing Associations (No. of bargains included)

Commercial, Industrial, etc

Commercial, Industrial, etc (No. of bargains included)

Corporation Stocks

Corporation Stocks (Foreign No. of bargains included)

Starting Issues by Overseas Borrowers

Starting Issues by Overseas Borrowers (No. of bargains included)

Bank and Discount Companies

Bank and Discount Companies (No. of bargains included)

British Airways PLC 20p - 147 1/2 @ 8.5

British Airways PLC 20p - 147 1/2 @ 8.5

British Airways PLC 20p - 147 1/2 @ 8.5

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British Airways PLC 20p - 147 1/2 @ 8.5

T.I.P. Europe PLC 20p - 188 1/2 @ 8.5

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London Stock Exchange PLC 20p - 188 1/2 @ 8.5

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London Stock Exchange PLC 20p - 188 1/2 @ 8.5

London Stock Exchange PLC 20p - 188 1/2 @ 8.5

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Management Ltd, and Abbey Unit Trusts Ltd, including their names and brief descriptions.

Table listing unit trusts such as Andersons Orme Unit Trust, Arthur Weller Unit Trust, and Ascent Unit Trust, including their names and brief descriptions.

Table listing unit trusts such as Bank of Ireland Fund, Barclays Unit Trust, and Bank of Ireland Fund, including their names and brief descriptions.

Table listing unit trusts such as British Shipley & Co Ltd, British Shipley & Co Ltd, and British Shipley & Co Ltd, including their names and brief descriptions.

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Table listing unit trusts such as British Shipley & Co Ltd, British Shipley & Co Ltd, and British Shipley & Co Ltd, including their names and brief descriptions.

LEADERS AND LAGGARDS

Table showing percentage changes since December 31 1987 based on Thursday July 7 1988, categorized by industry sectors like Property, Food, and Chemicals.

RISES AND FALLS

Table showing rises and falls in various categories such as British Funds, Corporations, and Industrials.

BANK RETURN

Table showing banking department returns, including liabilities, assets, and issue department returns.

FOREIGN EXCHANGE section with text: 'The Financial Times proposes to publish this survey on: 14th JULY'.

AEROSPACE section with text: 'The Financial Times proposes to publish this survey on: 30th AUGUST'.

Table listing unit trusts such as British Shipley & Co Ltd, British Shipley & Co Ltd, and British Shipley & Co Ltd, including their names and brief descriptions.

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GUIDE TO UNIT TRUST PRICING

Text explaining the data included under the authorized section of the FT Unit Trust Information Service, including details on pricing and data sources.

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Handwritten note: July 10 1988

INSURANCES

Table listing various insurance companies and their unit trusts, including details on assets and liabilities.

Table listing insurance companies such as AA Prudential Society, Abbey Life Assurance Co Ltd, and others.

Table listing insurance companies including British National Financial Services, Commercial Union Group, and Continental Life Insurance PLC.

Table listing insurance companies such as Crown Financial Management Ltd, City of Edinburgh Life Assurance, and others.

Table listing insurance companies including Equitable Life Assurance Society, General Accident, and others.

Table listing insurance companies such as HIL General Life Assur. Ltd, Imperial Trustee Life Ltd, and others.

Table listing insurance companies including London & Manchester Group, London Intensity & Gen. Ins. Co Ltd, and others.

Table listing insurance companies such as M & G Life and Gen. & E. Pension, National Mutual Life, and others.

Table listing insurance companies including Pearl Assurance Unit Funds Ltd, Phoenix Assurance Co Ltd, and others.

Table listing other UK unit trusts such as Bellini Offshore & Co Ltd, British National Financial Services, and others.

Table listing other UK unit trusts including British National Financial Services, Commercial Union Group, and others.

Table listing other UK unit trusts such as City of Edinburgh Life Assurance, Equitable Life Assurance Society, and others.

Table listing other UK unit trusts including General Accident, HIL General Life Assur. Ltd, and others.

Table listing other UK unit trusts such as London & Manchester Group, London Intensity & Gen. Ins. Co Ltd, and others.

Table listing other UK unit trusts including M & G Life and Gen. & E. Pension, National Mutual Life, and others.

Table listing other UK unit trusts such as Pearl Assurance Unit Funds Ltd, Phoenix Assurance Co Ltd, and others.

Table listing other UK unit trusts including British National Financial Services, Commercial Union Group, and others.

Table listing other UK unit trusts such as City of Edinburgh Life Assurance, Equitable Life Assurance Society, and others.

July 10 1988

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Type, and other details.

Table of London Share Service, including sections for British Funds, Foreign Bonds & Rails, and American Stocks, with columns for Name, Price, and Yield.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds, listing various offshore investment funds with columns for Name, Type, and other details.

Table of Money Market Trust Funds and Bank Accounts, listing various financial products with columns for Name, Price, and Yield.

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES
Price are in pence unless otherwise indicated and are based on the actual price after deduction of any commission...

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for Stock, Price, and other financial metrics.

CANADIANS

Table listing Canadian stocks with columns for Stock, Price, and other financial metrics.

BANKS, HP & LEASING

Table listing banks, hire purchase, and leasing companies with columns for Stock, Price, and other financial metrics.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit companies with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road companies with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS Contd

Continuation of Building, Timber, and Roads companies with columns for Stock, Price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store companies with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road companies with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES - Contd

Continuation of Drapery and Stores companies with columns for Stock, Price, and other financial metrics.

ELECTRICALS

Table listing electrical companies with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES - Contd

Continuation of Drapery and Stores companies with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store companies with columns for Stock, Price, and other financial metrics.

ENGINEERING

Table listing engineering companies with columns for Stock, Price, and other financial metrics.

ENGINEERING - Contd

Continuation of Engineering companies with columns for Stock, Price, and other financial metrics.

ENGINEERING - Contd

Continuation of Engineering companies with columns for Stock, Price, and other financial metrics.

FOOD, GROCERIES, ETC

Table listing food, grocery, and other companies with columns for Stock, Price, and other financial metrics.

HOTELS AND CATERERS

Table listing hotels and caterers with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Miscel) - Contd

Continuation of Industrial (Miscellaneous) companies with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Miscel) - Contd

Continuation of Industrial (Miscellaneous) companies with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Miscel)

Table listing industrial (miscellaneous) companies with columns for Stock, Price, and other financial metrics.

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INDUSTRIALS (Miscel) - Contd

Continuation of Industrial (Miscellaneous) companies with columns for Stock, Price, and other financial metrics.

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Continuation of Industrial (Miscellaneous) companies with columns for Stock, Price, and other financial metrics.

INSURANCES

Table listing insurance companies with columns for Stock, Price, and other financial metrics.

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Table listing insurance companies with columns for Stock, Price, and other financial metrics.

LEISURE

Table listing leisure companies with columns for Stock, Price, and other financial metrics.

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LONDON SHARE SERVICE

LEISURE - Contd

Table of stock prices for Leisure sector, including companies like British Airways, British Overseas Airways, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table of stock prices for Paper, Printing, Advertising sector, including companies like Newsprint, Printing, and Advertising firms.

TEXTILES - Contd

Table of stock prices for Textiles sector, including companies like British Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of stock prices for Trusts, Finance, Land sector, including companies like various trusts and financial institutions.

OIL AND GAS - Contd

Table of stock prices for Oil and Gas sector, including companies like Anglo-Iranian, etc.

MINES - Contd

Table of stock prices for Mines sector, including companies like Anglo-American, etc.

MOTORS, AIRCRAFT TRADES

Table of stock prices for Motors, Aircraft Trades sector, including companies like Rover, etc.

PROPERTY

Table of stock prices for Property sector, including companies like various real estate firms.

TOBACCO

Table of stock prices for Tobacco sector, including companies like British American Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of stock prices for Trusts, Finance, Land sector, including companies like various trusts and financial institutions.

OVERSEAS TRADERS

Table of stock prices for Overseas Traders sector, including companies like various international trading firms.

MISCELLANEOUS

Table of stock prices for Miscellaneous sector, including companies like various other firms.

NEWSPAPERS, PUBLISHERS

Table of stock prices for Newspapers, Publishers sector, including companies like Newsprint, etc.

PROPERTY

Table of stock prices for Property sector, including companies like various real estate firms.

TOBACCO

Table of stock prices for Tobacco sector, including companies like British American Tobacco, etc.

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Stock Exchange dealing classifications are indicated to the right of the security names: A Alpha, B Beta, C Gamma. This service is available to every Company... for a fee of 2500 per annum for each security.

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FINANCIAL TIMES

Weekend July 9/July 10 1988

Say Thankyou, with Royal Brierley THE FINEST ENGLISH FULL LEAD CRYSTAL TEL:03840 70161

Moscow attempts to calm Armenia

BY QUENTIN PEEL IN MOSCOW

THE SOVIET Government appears to have pulled back from outright confrontation with nationalist demonstrations in the southern republic of Armenia, in spite of an unprecedented challenge from strikers causing severe economic problems in the region.

The new upsurge in nationalist feeling, following the failure of last week's extraordinary Communist party conference to offer any solution, has left Moscow divided in its response.

One school of thought appears inclined to send in troops to restore law and order and to get the strikers back to work. This has been attempted twice without resolving the problem.

The nationalist tide in Armenia has precipitated a mass exodus of Armenians with an official estimate that some 18,000 Azeri refugees who fled their homes are now in temporary accommodation.

US growth reflected in sharp rise in employment

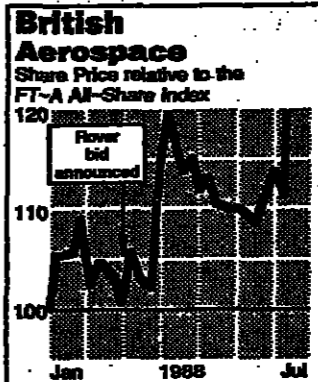
By Anthony Harris in Washington

US EMPLOYMENT recovered sharply in June from the reported fall in May, confirming other evidence of continuing rapid growth in the country's economy and pushing the unemployment rate down to a 14-year low of 5.3 per cent from 5.6 per cent the previous month.

THE LEX COLUMN

Black velvet is good for you

FT Index rose 22.6 to 1506.8



after the authorities' prompt capitulation on Monday, there is no telling what another slump in sterling might do.

Hugh Smith elected SE chairman designate

By Clive Wolman

MR ANDREW HUGH SMITH, 56, chairman of Capel Cure Myers, stockbrokers, was yesterday elected chairman-designate of the SE Exchange, to succeed Sir Nicholas Godwin who is to step down in November after 13 years.

In a poll of the 33-member council Mr Hugh Smith beat Mr Graham Ross Russell, chairman of Laurence Pratt, stockbrokers, one of two SE deputy chairmen.

Ridley seeks to limit subsidies for local authority housing

BY PETER RIDDELL, POLITICAL EDITOR

PROPOSALS which will transform the financial structure of the public sector by limiting the level of subsidy will shortly be unveiled by the Government.

Mr Nicholas Ridley, Environment Secretary, plans to make a Commons statement before the summer recess at the end of July about changes in local authority housing accounts.

often help to hold down council house rents. The aim will be to tighten pressure on the management of such accounts to reduce the element of subsidy.

Continued from Page 1

Holdsworth

British Aerospace

Yesterday's 10 per cent jump in British Aerospace shares seems remarkable going for a company which had scaled back with Mr...

Markets

It is hard to know how far the present relaxed mood in the equity markets is to be trusted.

Gift trading

The gentlemanly market makers in gilt seem prepared to receive Nomura and Daiwa in cordial fashion to their already handsomely overcrowded patch.

Table with 2 columns: Stock Name, Price Change. Includes items like Allied-Lyons, Avon Rubber, BSR, etc.

Table with 2 columns: Stock Name, Price Change. Includes items like Polly Peck, FRM, Rols-Royce, etc.

Table with 2 columns: Stock Name, Price Change. Includes items like Shell Trans, Smiths Inds, Tipton, etc.

Table with 2 columns: Stock Name, Price Change. Includes items like Grand Met, Guinness, Jaguar, etc.

Table with 4 columns: Location, Day, Temp, Wind. Includes locations like Abingdon, Aberdeen, Adelaide, etc.

Table with 4 columns: Location, Day, Temp, Wind. Includes locations like Adelaide, Adelaide, Adelaide, etc.

Table with 4 columns: Location, Day, Temp, Wind. Includes locations like Adelaide, Adelaide, Adelaide, etc.

Table with 4 columns: Location, Day, Temp, Wind. Includes locations like Adelaide, Adelaide, Adelaide, etc.

UK-Saudi arms deal

Continued from Page 1

delivered or on order for Saudi Arabia, and up to 60 more Hawk advanced trainers on top of the 30 included in the previous agreement.

Platform design

Continued from Page 1

held under 1971 legislation governing the working of offshore installations. These provide expressly for public inquiries into accidents on oil and gas platforms and give full powers for appointing assessors, calling witnesses, collecting evidence and making recommendations.

Sat/comms bid

Ferranti Computer Systems has teamed up with Raytheon Company and the Electric Corporation to develop a universal modern for use with new generation military satellite communications equipment.

World-wide targets

The Marquardt Company, a division of Ferranti International based in Van Nuys, California has won contracts worth in total over one and half million dollars (US), to supply airborne target tow resin to overseas customers.

Advertisement for FERRANTI INTERNATIONAL selling technology. Includes text about satellite communications and target tow resin.

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WEEKEND FT

Weekend July 9/July 10, 1988

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

MODERN MAN has left his tin cans on Everest, dropped his litter on Andean tracks, explored the ocean depths in bathyspheres, traversed the continents by donkey, camel and bicycle. He has canoed down impassable rivers, rowed across the Atlantic, rafted across the Pacific and windsurfed round Cape Horn. Today's explorer is so starved of novelty, he would walk backwards to the South Pole in gym shoes if he could find a sponsor.

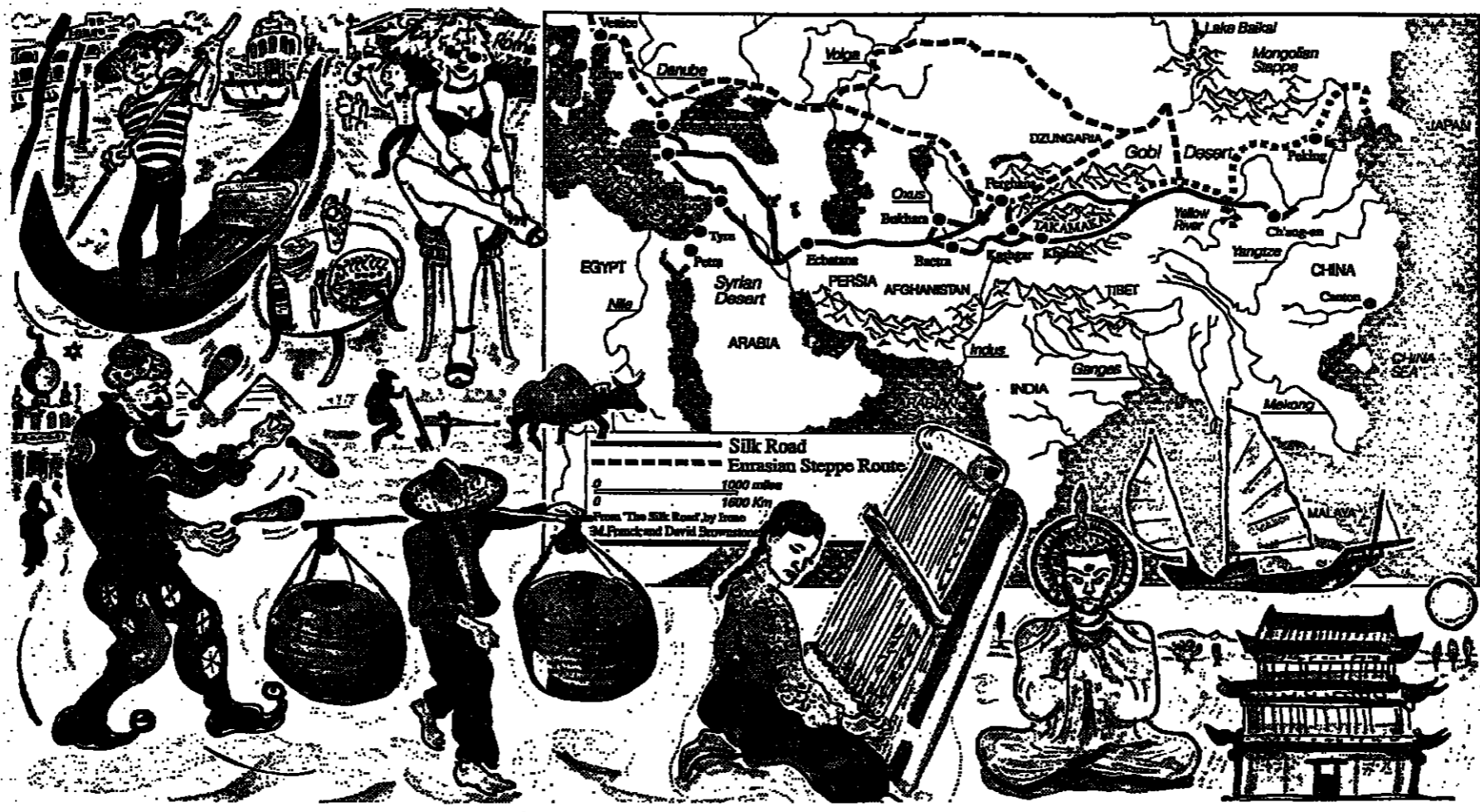
Yet, the most important trade in the history of civilisation, used for 4,000 years, remains to be rediscovered: the desert and steppe routes from the Mediterranean to China, known collectively as the Silk Road. Within a couple of years, the Silk Road could be opened again over its entire 5,000-mile length for the first time since Marco Polo crossed it in the 13th century with a visa from the Mongol emperor Kublai Khan.

Dr Eiji Hattori, a Japanese doctor of philosophy at Unesco, the UN cultural agency, has been striving for three years to realise a vision that came to him as he gazed down from an aircraft on the empty regions beyond the Great Wall of China. It occurred to him how little appreciated was the mutual debt of East and West, and how little was known of the people on the mountainous hinge of the Eurasian continent who transmitted goods, technologies and ideas in each direction. Westerners, with their Christian religion, Renaissance culture, secular science and American lifestyle, have all but forgotten their former land-line to the East.

In the past few decades, however, the two poles of Eurasia have turned to face each other again. Japan has grown into a world economic power. China has reopened for trade and the trade-packing tourist. The Soviet Union is dropping its guard against cultural pollution and you cannot get a hotel room in Moscow. Perhaps only a Westernised Japanese philosopher could have made the connection that Hattori made. He has the advantage of knowing seven languages, ancient and modern, which he learned in order to master the philosophies of East and West. His academic specialities are Zen Buddhism and French Existentialism and he co-authored the first translation into Japanese of the *Summa Theologica* of St Thomas Aquinas.

Hattori and his colleague on that flight over China decided that Unesco's next project should be to help bridge the East-West culture gap. But there was more to it than that. Unesco has been going through a bad patch and its public image needs a facelift. Morale inside the grimy Paris headquarters reached a nadir in 1985 when the US and Britain quit, complaining of bloated expense accounts and a Third World conspiracy to undermine press freedoms with the so-called "new world information order". Last November, there was further turmoil when Amador Mahiar M'bow, the long-serving and controversial Senegalese director-general, stood for re-election but lost to Prof. Federico Mayor, a Spaniard.

With all this going on, Hattori's idea looked better and better. It was a chance for Unesco to restore its reputation for cultural good works. The only snag was that Unesco has very little money. With the defection of the US and Britain, more than 30 per cent had been lopped from the budget. The Silk Road project would cost about \$2m (£2m) and would have to be self-financing. The answer was to invite the mass media and private business to buy rights in the products of the



On the trail of Marco Polo

The legendary Venetian was the last man to travel the 5,000-mile Silk Road to China - in the 13th century. Christian Tyler reports on plans to re-open it

venture. TV companies would be attracted because only Unesco could persuade hostile or warring nations to re-open all the arteries of the Silk Road to scholars, scientists and cameramen.

By some manipulation of protocol (Unesco staff are not supposed to submit schemes), Hattori converted his plan into a formal project, and got it sponsored by 16 nations in November. A Japanese company, TV Asahi, is paying nearly \$2m for ill-defined "exclusive" film rights. It is a lot to pay. Asahi executives agree, but the prestige was considered worth it. Unesco has raised another \$1m so far from sundry sources.

The ambitious scope of the project is a weakness as well as a strength, however. It badly needs a focus. The last conference in Paris was attended by scholars of every denomination, from a Turkish expert on Ottoman ceramics to a British expert in nomadic weaving techniques. Each had his point of view and the cultural interests of his country to defend. A Venetian professor, making a strong pitch for his home town, discoursed on the eastern influences on Carpaccio and Titian before declaring: "And, anyway, don't forget that spaghetti came down the Silk Road."

However, it was silk, not spaghetti, that

tought the ancient Romans about soft living and helped to undermine their empire. Its culture was a Chinese monopoly for 2,000 years until the secrets of the cocoon were passed to Byzantium, perhaps by a Persian with silkworm eggs in his walking stick, perhaps by a Chinese prisoner. To the West came the Chinese inventions of paper and printing, while eastwards went viticulture, cucumbers and figs. The gaudiest flowers originated in central Asia - roses, azaleas, peonies and camellias. The Chinese are said to have acquired their love of acrobatics from the import of Egyptian jugglers.

Some of the best ideas spread out from the middle. The Persian Nestorians, for example, invented bills of exchange for trading along the routes years before the Italians invented banking. Nomads domesticated the horse in about 3,000 BC, and invented trousers in which to ride the animals. They crossed the one-humped Bactrian and produced a vehicle more efficient for that terrain than the wheel and cart. They bred physical stamina into the beast, but left it with a charmless, neurotic and fatalistic personality.

Religion was an important commodity on

the Silk Road, as people fled persecution or travelled to improve their knowledge. Hsuan Tsang, a Chinese Buddhist, walked alone over the Pamirs to India in the 7th century to collect authentic texts. Nestorian Christians, Jews and the heretic Manichaens found refuge in Chinese Turkistan. Moslems settled in the Yellow River valley.

Many of the great trading posts and cities along the route are now ruins, swallowed up by the desert sands, or simply bypassed, like Palmyra in Syria and Petra in southern Jordan. Others have survived under a new name: the traditional eastern terminus of the Silk Road was Chang-an, which, as early as 600 AD, had an estimated 2m inhabitants - as many as its modern successor, Xian.

It was not until the past 100 years that European and Russian scholars began unearthing the secrets of Chinese Turkistan and carting away the treasures they found there. Nicolai Przhevalski gave his name to the proto-horse he rediscovered in the 1880s. He was followed by the Swedish explorer Sven Hedin, and Britons like Sir Mark Aurel Stein and Prof. Owen Lattimore. Pierre Teilhard de Chardin, the French palaeontologist and philosopher,

travelled from the Lebanon to Peking 53 years ago with an expedition sponsored by Citroen. After the scholars came the romantics, like Fitzroy Maclean, Robert Byron or Peter Fleming who, with his Swiss companion Kim Maillart, walked from Peking across the Taklimakan to India in 1935. (Miss Maillart is still lecturing on their escapade).

There have been few periods in history when the East-West road was open along its whole length. In neolithic times, it is said, our ancestors wandered across the tundra from Hokkaido in northern Japan to England. But the first recorded contact between East and West is dated 112 BC. Alexander of Macedonia got as far as the Hindu Kush and married Roxana in Bactra (present day Balkh in northern Afghanistan). The Romans, known to the Chinese as Li-kan, made contact with the Han dynasty via the Parthians. When the western half of the Roman empire disintegrated, the Huns marched on Persia, India and Rome. In the 7th century the Byzantine empire made contact with the Tang emperors, while the original Turks of Turkistan held the centre.

A period of political chaos ensued, with the Arab Moslems spreading their gospel from the Middle East and the Tibetans

enjoying a moment of glory as they expanded northwards. It was not until the reunification of China by their armies that the way lay open again, allowing Marco (then 17), his father Nicolo and uncle Matteo to set off in 1271 to Khanbaliq (now Beijing).

Within 200 years the Silk Road effectively was closed, except to local traders. The Ottoman Turks sacked Constantinople, severing the continent, and Europeans were forced to look for a sea passage to the East. Vasco da Gama rounded Africa to reach India in 1498. As the eastern sea route was opening to Canton, Christopher Columbus tried to sail round the other way, but found the American continent barring his path. Gradually, the Asian land route and its people faded from sight.

To travel the Silk Road today, therefore, requires a strong sense of history and a vivid imagination as well as visas and spare fanbelts. Dr Richard Fisher, the American expatriate who followed Marco Polo's footsteps last year, warns prospective tourists to be prepared for a shock. Samarkand has been restored within an inch of its life and Bokhara is a socialist Disneyland. The former camel trail is a macadam highway for most of the route, roaring with accident-prone lorries. There are airport terminals in the cases, apartment blocks in the caravanserais and supermarkets in the bazaars. The traveller is offered tea and sympathy, but no longer the favours of his host's wife for the duration of his stay.

Unesco is planning three excursions. The first, next year, will be a motor convoy over the Steppe Road north of the Tian Shan mountains - the easiest land route but researched the least. In 1990 there will be a sea voyage, for which the state of Oman is offering a vessel from Venice to Canton and then on to Osaka. The desert route, from Istanbul to Xian, will not be attempted until the following year, allowing time for delicate political negotiations.

Governments already are bidding to host seminars along the routes, in cities as far afield as Leningrad and Colombo. Local scholars will be invited to meet the privileged travellers in the hope that present knowledge will be collated and fields for future research identified. Meanwhile, Unesco is drawing up a list of "associated" projects: private endeavours that, with official approval, will add to the main line of the research.

Not surprisingly, some exotic suggestions have been advanced. A lady in Edinburgh wants to study the medicinal herbs depicted in Bokharan tapestries. A young doctor in Hong Kong wants to carry the Unesco flag on a Chinese junk he is building to re-enact Marco Polo's two-year return voyage from Canton to Persia. A craftsman from Sussex and his girlfriend drove to Paris in their old Morris Minor to suggest building an Arab show for the official sea voyage. An "equestrian journalist" in Paris is lobbying for a pony trek along the Steppe Road from Volzograd to the Fergana basin, where the finest cavalry horses were bred 2,000 years ago.

Will the Unesco project produce any real results? Dr Jon Thompson, a British expert on Asian nomads who was in Paris advising Unesco, said it could be made to. "This field has attracted some of the greatest scholars of all time," he said, "and it is clearly beyond the reach of one man." He indicated the roomful of scholars and bureaucrats. "There are some very high-powered people here... as well as some potential free-loaders."

The Long View

Polarisation's wrong direction

DAVID WALKER, the new chairman of the Securities and Investment Board, likes it; the life assurance industry loves it; even the clearing banks are learning to live with it; but I am afraid I still don't think very much of it.

The subject is one of those very important but unexciting ones: the so-called "polarisation" of sales channels for investment products. The debate has gripped the investment industry for some four years now, but has largely passed the public by, at least until all those large advertisements appeared in the papers, placed by the grandly-named Campaign for Independent Financial Advice, or Camifa for short.

New readers starting here should know that as from April 29, the marketing of products such as endowment policies, personal pension plans and unit trusts has been subject to polarisation rules. Either the salesman must sell just one company's products, and make it clear to the client that this is so, or he must be totally independent and offer the best advice right across the market.

Polarisation was dreamed up by the life assurance industry, and swallowed by a rather dozy and distracted SIB. The rules prevent, say the life men, a salesman from passing himself off as giving independent advice when in fact he has a special deal with one or more companies. Fair enough. But they also prevent High Street chains like Midland Bank or Abbey National from giving a broad choice to customers.

According to the original promoters of polarisation, the aim was to prevent the public from being confused. But this was little more than a smokescreen. The man in the street remains confused. The reason is that from the point of view of an occasional client there is little obvious difference between the two categories of life assurance intermediaries.

The new rules for polarisation of sales outlets for investment products were always misconceived, says **Barry Riley**, and they could soon have a damaging effect on consumer choice.



Both claim to give him good, if not necessarily "best", advice which is "free" to the client. Both are paid by the life company, and are reluctant to offer any information about their remuneration.

It is true that following the implementation of the Financial Services Act there are pages and pages of detailed rules governing the behaviour of different intermediaries. But the typical client knows nothing about this. The

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point of view. The division should have been between those intermediaries paid by companies and those paid independently by the client (and only by him). But this division was unattractive for the life companies, because disclosure of the remuneration of intermediaries was precisely what they were seeking to avoid. They feared that the fees clients would be ready to pay would not be enough to motivate a large and productive sales force.

So the life companies got themselves into an unenviable position. They defined "independent" intermediaries who were committed to act in the best interests of clients but who also withheld fundamental information from them. This kind of fudge was possible under the old legal framework, where the law of agency failed to bite properly, but the Financial Services Act is a different matter. This is the underlying reason why the independent intermediary sector is now extremely vulnerable. Already one of the 14 original members of Camifa, Equity & Law, has decamped.

Faced with the commission-disclosure problem, the polarisation camp attempted to square the circle by drawing up a fixed scale of commissions. This would prevent commissions from being steadily bid up in the absence of countervailing pressure from clients kept in ignorance and would remove the temptation for intermediaries to select a product from the company which paid the highest commission. Under this "soft" disclosure clients would only be told that their commission was in line with the approved, but unspecified, level.

This cunning formula almost won the day, but fortunately cartels are out of fashion and just before A-Day the Government threw it out. There will have to be hard disclosure of the size of commissions from the beginning of 1990. The result will be a

severe contraction of the independent intermediary sector.

Does it matter? Not if the slack in the mass market is taken up by big financial retailers which have relatively efficient distribution networks and which are concerned enough about their reputations to make sure that their own-branded investment products perform adequately. Also, so long as there is a sufficient growth of fee-based advisers at the top end of the market to serve wealthier or more discriminating investors who are willing to pay sizeable fees.

In international terms the size of the independent sector in the UK is unusual. Until about twenty years ago independent brokers sold nearly all non-industrial life assurance in Britain. Since then the direct selling companies have grown strongly, and independent intermediaries may now only have a market share of around 50 per cent.

Right in the firing line are the 13 Camifa offices, which have sales to make up 40 per cent of the market. Their campaign has been couched largely in terms of investor protection but in fact it is a back-to-the-wall exercise in commercial survival. They are now redirecting their campaign to try to ensure that company salesmen will be forced to make equivalent disclosures in 1990 to those which will be required of independent intermediaries.

Which brings me back to polarisation. Many of the Camifa members are excellent companies with good reputations and successful products. But as increasing numbers of outlets become tied, they will become cut off from the market place. The perverse role of polarisation in limiting choice to investors, will become increasingly clear. Why should Midland Bank not be able to sell the policies of Scottish Widows as well as Midland Life? Think again, Mr Walker.

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FTW/88

MARKETS

Jitters subside after Bank turns screw

LITTLE BY LITTLE appears finally to have done the trick. The fifth half-point rise within a month brought base lending rates back to 10 per cent on Monday, and the City's chorus of criticism about "half measures" faded within 24 hours.

Starting rebounded and settled down and gifts made the best of circumstances, although that resilience is unlikely to be tested. The return to double digits lifted base rates above the redemption yield on the 25-year gilt for the first time since November and put the yield curve back on a downward slope, a familiar profile in recent years.

Perhaps the most important calming influence was the increase, at last, in that most misleading indicator about inflation - the mortgage rate. Barclays led the way on Tuesday with a 1.35-point rise to 11.1 per cent. Although an increase had been inevitable since the second or third of the recent half-steps in the base rate, it did the market good to see this expectation actually translated into reality.

While higher mortgage rates will boost inflation, as measured by the Retail Price Index, the hope is that they will restrain the rise in house prices, the most concrete manifestation of inflation in the economy - but one which doesn't count in the official figures.

So was this the last turn of the monetary ratchet for the time being? Will the Bank of England be able to let next week pass without another small step? Certainly, immediate expectations of higher rates had evaporated by Tuesday, but the next movement - whenever it comes - is expected universally to be upwards.

Within this context, it was not surprising to see the equity market in two minds and bouncing up and down from day to day, although it had recovered most of its composure by the end of the week.

Indeed, a burst of confidence on Friday morning reclaimed all the 14.5 points the FT-SE 100 lost the previous day, and the market during the same period, 1988 closing high of 1,578.30, achieved on June 22.

To some extent, this reflected a spate of bid speculation - hot favourite Ranks Hovis MacDougal was forced to share the limelight with Blue Circle, Yale & Valor and Johnson Matthey - but aerospace and defence stocks also got a boost from hints of an imminent major arms contract.

The drinks group Guinness, meanwhile, saw its shares jump to the highest level since October after it unveiled a complex cross-shareholdings deal with two French luxury goods companies.

Guinness and Financière Agache, the interests of which include the Christian Dior fashion house, are jointly to take a stake of up to 24 per cent in M&H-Hennessy Louis Vuitton.

In turn, the champagne, cognac and fancy luggage group agreed to increase its interest in Guinness to 12 per cent through a \$50m issue of shares at a premium of nearly a third over the market price before the announcement.

The recent buoyancy in equities, however, has not yet been translated into longer-term confidence. Salomon Brothers, for example, still expects the FT-SE 100 to finish the year no higher than 1,900 and is counselling international portfolios to go underweight on the UK market.

Salomon's Michael Howell points to three factors in particular. First, there is no sign of a reversal in the outflow of funds from the UK. Second, net foreign purchases of UK equities amounted to a princely £1m in the first quarter of this year (the lowest level since the third quarter of 1985) and the situation has worsened since then. If there is any "wall of money" now, it is not heading this way.

Moreover, whatever the Government's public stance it is plain that monetary policy has been tightened - and not just as a temporary measure. The third element - and the one which will dominate next

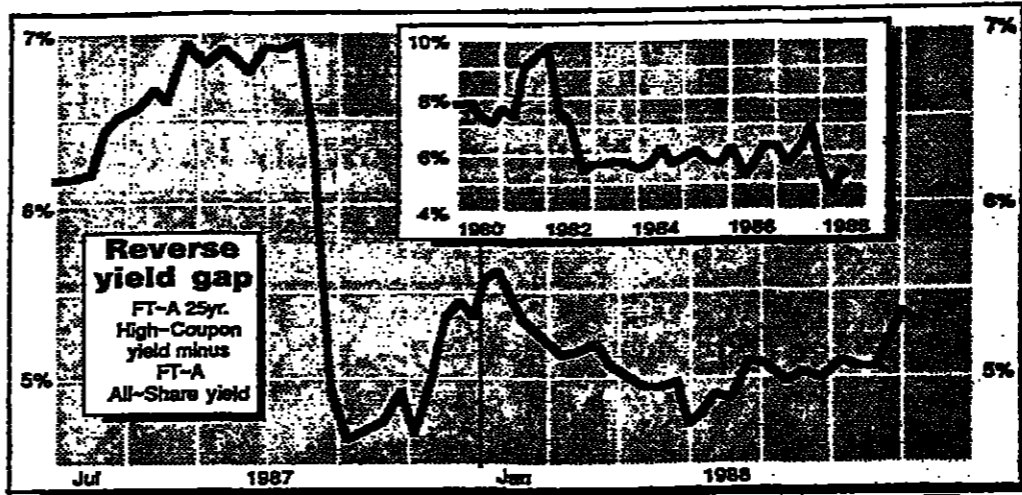
week's economic news - is inflation and its effect on the quality of corporate earnings. The market has not yet taken full account of the impact on earnings, Howell believes.

At Warburg Securities, which clings to a year-end target of 2,000 for Footsie, Ian Harwood says: "We think inflation will come periodically close to 5 per cent, not just for the rest of this year but also for the first few months of 1989."

The RPI figures for June, due next Friday, may be a less important pointer than the producer prices and average earnings figures due on Monday and Thursday respectively.

Warburg expects input prices for June to be 1.5 per cent higher than in May, for a 5.75 per cent year-on-year increase. The annual rise in earnings, meanwhile, is likely to creep higher still from the 8.75 per cent reported last month.

Altogether, analysts expect everything points to 10 per cent as the new baseline for base rates



agreed to sell control of what started out as his family business to another corporate veteran, testing his mettle in new fields. And a relative youngster, although no much in the publicity stakes, decided he would rather have his company back than see it buffeted by an unresponsive market.

In the first case, Sir Phil Harris will exit with a sizeable proportion of the £447m that a consortium headed by former supermarket chief James Gulliver will pay for Harris Queensway, the carpets and furniture chain. The recommended offer brought to a close a long period of uncertainty over the future of HQ.

In the second case, Richard Branson said he wanted to take Virgin Group private. As a result, it was the best week ever for Virgin's shares in its short and unhappy, 19-month history, as a listed company.

Back on the equity front, meanwhile, one old trouser - in experience rather than years -

Clay Harris

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Table with columns: Company, Bidder, Offer, Status, Date. Lists various takeover bids and mergers such as Acorn Computers, Amstrad, and British Gas.

PRELIMINARY RESULTS

Table with columns: Company, Year, Profit (pence), Dividend (pence), P/E Ratio. Lists preliminary results for companies like Altkem House, Amstrad, and British Gas.

INTERIM STATEMENTS

Table with columns: Company, Half-year, Profit (pence), Dividend (pence). Lists interim statements for companies like Brunner Mond, Citylink, and Ginsters Holdings.

RIGHTS ISSUES

Bryant Derek Holdings is to raise £3.19m via a one-for-two rights issue at 50p. Evans Halshaw is to raise £17.6m via a five-for-eleven rights issue at 22p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Balkis is to join the stock market via an introduction. Bucknall Anstiss is to join the USM via a placing of 1.78m shares at 110p.

RESULTS DUE

Table with columns: Company, Announcement Date, Dividend (pence), This year. Lists companies with results due such as AAI Holdings, A&A Group, and Bakeries.

HIGHLIGHTS OF THE WEEK

Table with columns: FT Ord. Index, Price y/day, Change on week, 1988 High, 1988 Low, Remarks. Lists market highlights including BSE, Blue Circle Inds, and Harris Queensway.

Analysts wary of property issues

THIS WEEK'S DEBUT on the USM of City Gate Estates, hot on the heels of Broadwell Land, has underlined the expanding role of property companies, now the fastest-growing sector of the market.

City Gate and Broadwell also mark the first generation of property companies, joined under the Business Expansion Scheme, which have become mature enough to join the market. There could be many more waiting in the wings.

Junior Markets

Almost all the USM-quoted companies are developers, rather than investors, in property. This is inevitable given their smaller size. Yet, investors on the Big Board have been turning increasingly against aggressive developers in favour of companies with a good asset backing, which gives them defensive qualities as well.

Results Due

DIXONS is another retailer that is not going to be talked of as mature. People are talking-up its share price as well. It fell into a hole, so to speak, after the stock market crash last year when the yuppies suddenly lost their taste for high-value consumer goods like video recorders (or, according to other opinions, when video recorders had lost their novelty, became overstocked massively, and when there were no new adult toys like the promised satellite television products to replace them in the van of the market).

The shares slid substantially in the crash and carried on down thereafter. Half-year profits were up 22 per cent but the second half was assumed to be affected so badly by the above-mentioned problems that analysts are expecting full-year profits to be little better than maintained at last year's £102.6m before tax.

Results Due

Detailed forecasts vary, from £75m in the higher range to \$98m pre-tax - incorporating a greater, negative impact from currency fluctuations - at the lower. The shares, meanwhile, have been picking up lately on the rumour that there is a lot of money for Ferranti in cordless telephones.

Some observers might add a rider to that. They might say that the consumer, for the present, Major interim reports next week take in UNION DISCOUNT on Wednesday and ASSOCIATED NEWS PAPER on Thursday.

Asda's food for thought

NEXT WEEK is topped by retailers' results and, mostly, with a batch of economic statistics that will give the market something to think about. Monday brings Interims and prelims respectively from SOCK SHOP and KNOBS & KNOCKERS, demonstrating the charms of niche retailing. But the main course of the day will be the full year's results from ASDA, a food superstore specialist again since it shed the MFI furniture retailing group by way of a management buy-out, towards the end of last year.



John Hardman of Asda

The remainder, say analysts, is not the "mature retailing formula" sometimes used as a euphemism for rot. They say their arithmetic suggests 20 per cent a year profit growth for successful food retailers and that Asda, under the chairmanship of John Hardman, is going to be one of them.

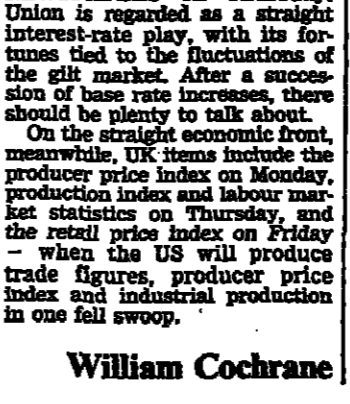
Estimates for 1987-88 fall a little short of that "norm" at £212.21m, up from £192m pre-tax. They will also make interesting reading against MFI's operating profits, reported this week to be 56 per cent higher for the 24 weeks to the end of April 1988.

Results Due

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Michael Gifford of Bank

William Cochrane

*Lloyds Bank. **Halifax 90-day. Immediate access for balances over £5,000. †Special facility for extra £5,000. ‡Source: Phillips and Drew. §§Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

MARKETS

Markets reflect on a love affair with money

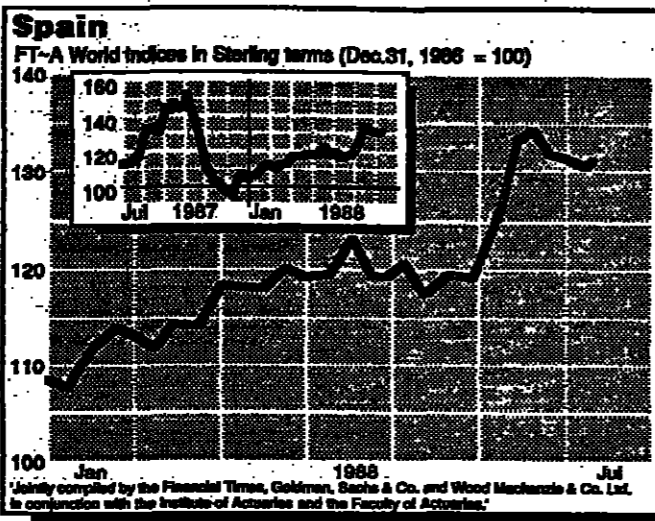
MAYBE THE Spanish do it with mirrors. In April, the Government floated off some 22 per cent of the country's biggest electricity utility, Endesa, confidently predicting that it would raise Ptas 750n (2565m) and rank among the biggest international flotations since the crash last October.

The whole operation went smoothly, needless to say, but it was still a curious phenomenon, because the Spanish electricity utilities are very heavily

Spain

indebted things: How was anyone persuaded - at least, how were foreigners persuaded - not only to buy stock in a company whose debts were four times its paid up capital, but to pay twice its nominal value for the privilege? Or how is it that the Spanish telephone company Telefonica, which runs arguably the most profitable service in the European Community, attracts such amount among local and foreign investors?

The Madrid, Barcelona, Bilbao and Valencia stock markets, the Spanish *bolsas*, say everything and nothing about Spain. The banking sector, by dint of two major mergers this year and much rumour-mongering in



FT-A World Index in Sterling terms (Dec 31, 1986 = 100)

between us, we are told, the 'jewel' in the *bolsa* crown. But there is nothing in the analysts' reports about poor management, overstating, over-branching or overcharging. The purveyors of Spanish bank stock should try one day to clear an American or British cheque through a Spanish bank - it can take three to four weeks. Try too, to find one of the much-vaunted cash dispensing machines that actually works.

There is something so papery about the modern trappings of Spanish life that it requires real effort to take seriously the

trials, Spain is the one in which it is possible to make the most money in the shortest time. It could be that Madrid and the other markets are simply reflecting Spain's new-found love affair with money.

By that measure, it is doing remarkably well. Madrid sailed through last October's crash probably more smoothly than any of its European counterparts. A few weeks ago it was trading near its 1987 high, with the Madrid General Index even breaking the 300 barrier for a few days.

The index rose 30 per cent in the first quarter of this year and though it became becalmed for a while there was another helpful mini-surge in early June. Its levelling-off probably has less to do with pessimism than the simple absence of riders, the completion of the only major bank merger thought possible, and an apparent stabilisation of property prices in Madrid.

The Kuwait Investment Office (KIO), Spain's largest foreign investor, says that it has completed all the investments and acquisitions it plans to make in Spain for the moment. KIO played a major role in boosting the market after the October crash by trading Banco Central, Union Explosivos Rio Tinto (ERT), the country's biggest private sector chemicals group, and the large sugar producer Ebro. Its

Table with columns: Country, FT-Actuaries World Indices, % change 1987, % change 1988. Includes Australia, Austria, Belgium, Canada, Denmark, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, S Africa, Spain, Sweden, Switzerland, UK, USA.

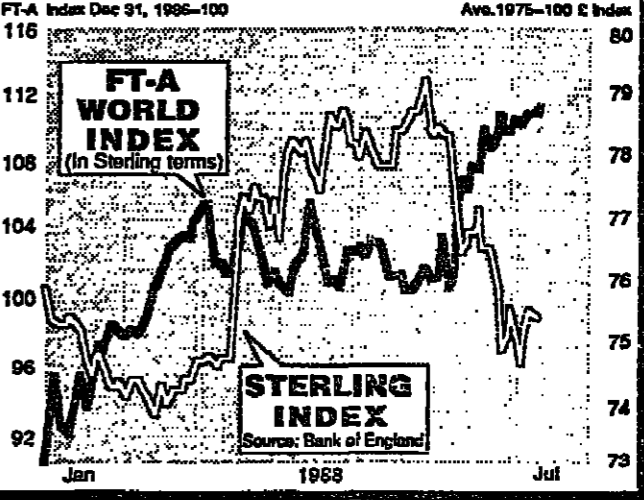
price-setting property investors have also strengthened that sector and other stock associated with property. The rise in bank shares - which now stand nearly 30 per cent higher than a year ago - has been due largely to the entry, first in January between the Basque neighbours Banco de Bilbao and Banco de Vizcaya, and a few months (and many

helpful rumours) later between the leader, Banco Central, and Banco Espanol de Credito (Banesto). Profit growth among the large banks is running well above 20 per cent this year, which should do the sector no harm.

Electricals have also risen sharply - about 25 per cent on the year - and the large utilities at last seem to be gaining some control over their debt. This is not easy, because Spanish banks love to load new debt onto the electricity utilities. Virtually all major banks have small holdings in utilities simply to be in a position to lend them money.

The real stars of the year have been construction companies and manufacturers of building materials. Here there is little room for pessimism, because Spain's building boom is unmistakable. The sector's index is up more than 50 per cent on the year, with construction building large stakes in, especially, cement suppliers such as Ashland.

However, if it was the foreigners that first spotted and popularised the Spanish market, there are some distinct signs now that their commitment to the market in the long term (if it ever was there) has faded. There was, in fact, a net outflow of foreign equity in the first few months of the year. They will, no doubt, be back. Price earnings ratios, averaging



around 16.6 recently, are well down on the 26 recorded last August and new equity issues in the first quarter were four times greater than the first three months of 1987. Even here though, corporate interest in being quoted on the market is decidedly hesitant. Major new names have begun to appear, but only in a piecemeal way.

Thus, yesterday, Conservera Campofrio, the country's biggest frozen foods producer, floated 10 per cent of itself in Madrid. There have been similar entries recently by, for instance, Hermanos Pascual, the biggest Spanish exporter of citrus products, and Cofir, Carlo de Benedetti's Spanish investment arm, which sold 15 per cent of itself. Even KIO has decided to come to the market with about a third of its rich Spanish property unit, Prima Inmobiliaria.

Perhaps the quoted companies, as much as wary foreign investors, are not yet ready to pay the Madrid market their full respects, and there might be good reasons for this. Trading is antiquated and Napoleonic. Blue chips such as Telefonica are openly traded only for about 10 minutes a day. The Government, much to the disgust of the present *Agencia*, or brokers, is introducing sweeping legislation to reform the system, but it will take another two or three years.

For now, the market's best long-term bet is that the Government continues to get the fundamentals right. So far it is doing so, with GDP forecast to grow almost 5 per cent this year and inflation being sat upon very heavily.

Peter Bruce

Hearts, minds - and nerves

THOUGH Wall Street keeps lamenting about the way that the crash alienated retail investors, its efforts this week to woo them back will have won only a few hearts and minds. Stock markets managed to set post-crash highs but promptly retreated in a flurry of futures trading. Exchanges unveiled reforms to dampen price volatility and regulators rules to improve shareholders rights, but both initiatives were highly hedged.

Some investors had returned on Tuesday from the Independence Holiday long weekend eager to buy. They pushed up the Dow Jones Industrial Average by 27.08 points to 2,158.51, its highest since last October. Analysts were encouraged by the performance, noting that demand was driven by economic fundamentals. Investors were buying steel, chemical, paper and other indus-

trial stocks with bright earnings prospects rather than "story" stocks rumoured to be candidates for takeover.

Lack of conviction, the bane of the markets for many months, resurfaced on Wednesday this week as investors sought whiff of a further rise in commodity prices. Trading linked to futures

Wall Street

battered the market, driving down indices. Some underlying strength was evident, however, with more individual stocks reaching highs than in any session so far this year.

Economists keep telling investors that the forces of rampant inflation are grossly overblown, but the public keeps finding out

the gloomiest interpretations of the news. Wall Street's retail brokers, withering on the trading vine, might be able to sell small investors on a bright economic picture, but customers remain reluctant to step back into markets widely perceived as rigged in favour of the big boys.

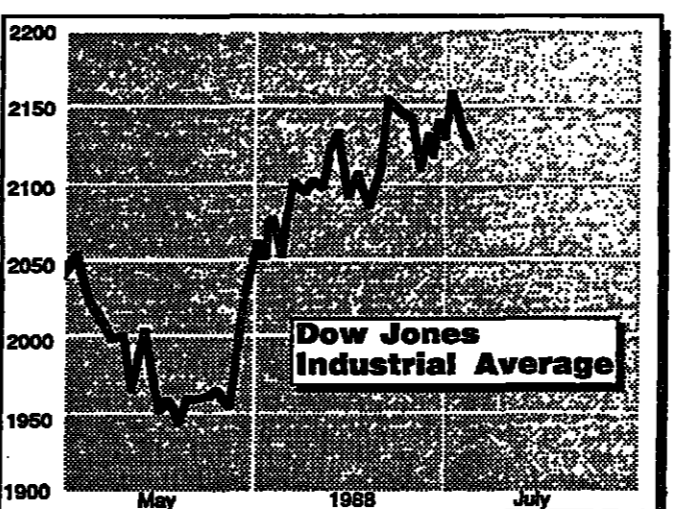
The New York Stock Exchange and the Chicago Mercantile Exchange, the leading US markets for stocks and financial futures respectively, tried to remedy that on Thursday by agreeing to the first substantive reforms of market mechanisms since the October crash.

Their initiatives try to tackle the imperfectly understood relationship between stocks and stock index futures. Whether the two interact in a dangerous downward price spiral in programs trading and other trading strategies is fiercely debated.

The exchanges felt they had to implement "circuit breakers," though, to reassure investors deeply shaken by the Dow Industrial Average's 508 point plummet on last October 19.

The market halting mechanisms kick in when the Merc's Standard & Poor's 500 contract, the most popular stock index future, falls 12 points, equal to about 100 points on the Dow Industrial Average. Over the next half hour, only futures trades at a higher price can be executed, thus giving stocks a chance to catch their breath. If the futures fall more than 30 points, or the Dow more than the equivalent 250 points, trading on both floors will be halted for an hour. A further 150 point decline on the same day would bring a further hour-long halt.

The circuit breakers, to be tried in a one-year pilot project



once all other US exchanges agree, were strongly proposed by task forces investigating the crash. The mechanism, never popular with exchanges with a stake in the sanctity of non-stop markets, were welcomed on

Wall Street as evidence of a new spirit of co-operation between New York and Chicago. The towns had been extremely rude about each other's market mechanisms directly after the crash. If the trading halt triggers had

always existed, they would be thick with dust. On only October 19 has the Dow fallen far enough to warrant stopping the market. The next biggest drop, 157 points on October 26, would have easily escaped the mechanism.

Since market-stopping mechanisms will be rarely used, there will remain plenty of scope for heart-stopping price plunges. The Securities and Exchange Commission was also in on the reform act this week. After labouring mightily through more than two years of hearings, debate and proposals it brought forth a mouse of a new rule on shareholders' voting rights.

In theory, the rule was meant to buttress the principle of "one share, one vote." This keystone of corporate democracy has been undermined in recent years by a growing number of companies issuing classes of stock with differing voting powers. Media companies have been the most active in their founding families claiming they are using super-voting powers to maintain their

newspapers' editorial independence from rabble-rousers and takeover artists among their shareholders.

In practice, the rule, blunted by exemptions, will serve mostly to make more uniform between exchanges the way in which companies can issue shares with unequal voting rights. Small shareholders also lost out this week when the SEC rejected a proposal from its staff on how to settle disputes between brokers and their clients. The staff wanted to stop Wall Street's practice of forcing clients to agree to binding arbitration, thus cutting off recourse to the courts. The SEC said it turned down the proposal to allow for further study. The issue has rumbled on for years, as will small investors' trepidation about the fairness of the markets themselves.

Table with columns: Day, Closed, +27.08, -28.45, -97.47

Roderick Oram

National Telecommunications plc OFFER BY BARCLAYS de ZOEETE WEDD LIMITED of 9,250,000 Ordinary shares of 5p each at 120p per share payable in full on application. Includes terms and conditions of application, application form, and stamp duty and stamp duty reserve tax information.

FINANCE & THE FAMILY

Market forces are putting the pressure on home-buyers, says John Edwards

The inevitable rise in mortgage costs

A RISE in the cost of mortgages, after the 2.5 per cent increase in the bank base rate since the end of May, has become inevitable. After the 0.5 per cent rise in base rate this week, Barclays Bank led the way on Wednesday by raising its mortgage rate from 9.75 to 10.1 per cent.

The big building societies, Abbey National and the Halifax, confirmed they would be raising their rates, too, but they are delaying any increase until August 1 in the hope that the recent fluctuations in interest rates will have settled down by then so that they can fix a new rate that is not likely to be changed overnight.

Halifax were talking about a rise to between 10.75 and 11.25 per cent, depending on market conditions by August and the future outlook. Its current rate is 9.50, although this is reduced to 9.50 for new mortgages of £50,000 and over.

There is no great urgency for the building societies to act, since they have attracted such an inflow of funds in recent months that at the moment they are very keen to lend money for mort-

gages. They are in a strong position to win back some of the market share in home loans that they have lost in the past few years to banks and other financial institutions, relying for funds on the wholesale market which has moved up while the cost of retail funds has been held down.

Indeed, this week, even after the latest rise in base to 10 per cent, the Bristol & West building society cut its rate, for new endowment mortgages only (on which it earns commission) of £50,000 and over, by 0.3 per cent to 9.4 per cent.

Nevertheless, it is agreed that with base rate at 10 per cent, and the possibility of further increases, even the building societies will have to raise their mortgage rates shortly.

However, market forces are already putting pressure on mortgages, based on wholesale money rates. The Mortgage Corporation, which prides itself on being competitive, was forced this week to lift its London Interbank Offered Rate-linked mortgage from 9.5 to 10.94 per cent when

the rate came up for review on June 30. Libor-linked mortgages are normally based on the three months Libor forward rate, and are therefore adjusted either up or down every quarter depending on the trend in the money market.

The Mortgage Corporation, however, has not yet moved its conventional type mortgages from 9.25 per cent for the standard scheme and 9.5 for its high equity scheme.

Libor-linked rates have tended over the last three and a half years to be cheaper, but they are more volatile as they are subject to short-term fluctuations in the money market, as has happened recently, while retail-based mortgages are "managed" to be more stable. That is the risk you run by choosing a Libor mortgage.

For those worried by the upward trend in interest rates, London mortgage specialist Chase de Veer (Pall Mall) has come up with a scheme for a five-year fixed rate loan, with a special twist.

The fixed interest rate is 11.45 per cent, which may seem high at present but



Homes report

PRUDENTIAL Property Services, the estate agency arm of the Firm, is to operate its own house buyers report and valuation service. Home Check, as it is called, aims to provide a half-way view between a full structural survey and a valuation report. It will report on the property's overall condition and give a professional expert's market valuation. Cost is expected to vary between £100-£200.

MIRIAM BANK is introducing on Monday a new type of personal loan scheme, which offers a range of borrowing limits from £200 to £5,000 that can be repaid by monthly instalments of between a tenth to one twentieth of the limit set.

A special cheque book is provided, allowing users to make withdrawals up to the agreed limit at any time. No charge is made for issuing cheques, but for rounding up or opening what the bank calls a "flexible" account. Interest on the amount outstanding is charged at 12.5 per cent a month (equivalent to an annual percentage rate of 19.5) and is debited monthly.

NATIONAL Westminster Bank has launched a multi-trust advisory and debt service, available through branches. NatWest stockbrokers will give advice on one-off investments or the construction of a unit trust portfolio. The bank says that following its decision to follow the independent route, and not to be tied to selling its own group products, it is able to offer totally impartial advice on unit trusts.

The portfolio management service is subject to an annual fee, but their other services are free of charge to NatWest customers.

NatWest also plans to test a telephone banking service, called ActionLine. Customers will be able to give instructions to a computer that recognises their voices.

KEVIN Goldsmith-Jackson, who contributes the Diary of a Private Investor column for the Financial Times, has been elected in a postal ballot as one of the three "lay" advisory committee members of the Stock Exchange's Investors Club.

The Investors Club was formed by the Exchange in 1987 to provide a forum for wider share ownership and give private investors a chance to learn more about the stock market.

BROWN SHIPLEY has extended its Share Exchange Scheme, which allows you to dispose of small uneconomic shareholdings to give to charity (specifically the Save the Children Fund) without our having to pay the normal stockbroker charges involved in making such a sale.

The company says that with minimum stockbroking charges of between £15 to £25, many investors find it uneconomic to dispose of small holdings, especially where only a few shares might have accumulated as scrip dividends.

This scheme was launched in May but has been extended to the end of the year.

A quarterly income from TSB

11.21%

12.1% A YEAR

TSB MONEY OBSERVER

MIM BRITANNIA JERSEY GILT FUND LIMITED

Probe upsets TSB and MIM

TSB and MIM Britannia are upset about stories that their advertising of high yield offshore gilt funds is under investigation by Lantoro, the Life Assurance and Unit Trust Regulatory Organisation, in the wake of the Barlow Clowes affair.

Criticism passed on to Lantoro, centred on the advertisements featuring funds paying a high "income" without pointing out that this might be achieved only at the expense of a possible decline in capital.

"We are not under investigation," said Barry Smith of the TSB Trust Company this week, "and we are upset about being linked to BCL." He listed some of the measures which protect the TSB Gilt Fund:

- it is a fund, and not just a portfolio or tax management service;
- all of its assets are held by an independent custodian, Sun Alliance;
- the fund has external auditors, in the shape of Peat Marwick;
- the TSB is listed on the London Stock Exchange and has its own good name to preserve.

MIM Britannia makes similar points. But in writing for a brochure which is effectively a prospectus for the fund:

"We are confident that our advertising doesn't breach any of Lantoro's rules," said Nick Johnson, a director of MIM Britannia International, this week. "We've received a letter from Lantoro raising four points, and we have answered those."

Both Johnson, and Smith, emphasise that their advertising of returns of more than 12, and 11 per cent respectively on these funds were not direct solicitations for investors' money. Those attracted by the advertisements have to ask, in writing for a brochure which is effectively a prospectus for the fund.

What goes into the brochures, say the two groups, will answer more professional criticisms of high yield gilt funds which have been raised by specialists in the gilt market. To achieve the indicated yield of 12 per cent and cover the cost of charges as well, the fund management company has to be investing for at least a 13 per cent return, it is argued.

To get that sort of return, gilt traders say, the fund managers will have to "burn capital." The technique, essentially, is to invest in very high coupon gilts priced well above £100 - such as 15 1/2 per cent Treasury 1998, which has been standing at 103p this week. The high price is

William Cochrane

AIDS and health cover

IF YOU ARE self-employed, you should consider taking out Permanent Health Insurance (PHI) or topping up your existing arrangements before the end of this month.

The reason is that life companies which market PHI contracts are poised to make radical changes. From the start of August, these effectively will exclude all aspects of AIDS from the cover provided on new policies.

Until now, attention has been focussed on the impact of AIDS on life assurance - how life company actuaries and underwriters adapt to the increased mortality.

Life companies have, almost without exception, increased their traditional term assurance premiums to take account of the extra death risk from AIDS. For many ages and terms, premiums have been more than doubled.

But the companies have rejected the option of keeping down the rate increases by imposing an exclusion clause under which the contract would not pay out on a death claim arising from AIDS.

Thus, even people who might be considered at little risk of contracting AIDS must pay the higher premiums, especially if they are males in certain age groups.

Companies are however, seeking to deal with the impact of AIDS on their PHI contracts in the opposite way. They are planning to keep premiums more or less at present levels and impose exclusion clauses. These would

slash or eliminate payment for any illness or disability connected not only with AIDS but also with HIV infections generally.

Two types of exclusion clause are being adopted - a hard line or a slightly softer approach.

The hard line, such as that used by Abbey Life, effectively makes the contract void if a PHI policyholder makes a claim and is found to be HIV positive. The contract is cancelled and premiums are returned. However, Abbey Life is quick to point out that each case would be considered individually and *ex-gratia* payments might be made.

The softer approach, used for instance by Allied Dunbar and Medical Sickness Society/Permanent Health Insurance, excludes payment only if the sickness claim arises from HIV infection.

There are three reasons why companies have dealt with the AIDS risk on PHI contracts by excluding it.

■ The cost of including coverage for AIDS-related sicknesses would push premiums so high that they would be priced out of the market. The latest bulletin (number three) from the AIDS working party of the Institute of Actuaries indicates that, for a man of 25, the premium could be six times the present level to include all HIV risks; and five times higher for a man of 30.

■ Developing drugs to combat AIDS could have severe repercussions for PHI contracts. For example, the likely effect of the drug Zidovudine is to prolong the

life of victims. This means companies would still have as many claims but would be making payments for longer periods.

■ Finally, while it is easy for companies to check that the claimant is suffering from HIV infection or is HIV positive, and to check the information on the original proposal form, this cannot be done with a death claim.

It is hoped that companies applying exclusion clauses will make this perfectly clear on all point-of-sale literature. It is not sufficient simply to make a statement in the after-sale cancellation (cooling-off) notice.

Those companies which have not yet amended their PHI contracts will have some time to do so soon - with the implied starting date being the beginning of next month. So, anyone wanting to take out a full-cover PHI policy should act quickly.

Admittedly, the exclusion clauses will not at this stage affect those unlikely to be HIV positive. But no one is sure about the future development of AIDS. Even employees who, until now, have been reassured that their employers will continue to pay their salaries if they fall ill, need to check on the situation.

If their employer has not such costs by relying on a group PHI contract, full cover will in future be available only at increased cost. Alternatively, the employer might choose to say the same premiums but accept the exclusion clauses.

Eric Short



How to choose an investment fund

EMPLOYERS, trade unions and the National Association of Pension Funds have all been offering advice to employees on how to choose between a company scheme and a personal pension.

They have been dealing with questions for employees to put to their personal pension advisers. The aim behind these questions is laudable. But employees should concentrate on three main features:

- the underlying investment funds backing the personal pension contract to ensure that it will produce an adequate pension at retirement without causing the employee too much anxiety;
- the changing structure of the contract, to ensure that the employee is not having to pay too much for the product;
- the financial strength of the institution offering personal pensions.

This article will discuss the first of these factors - investment funds.

Personal pensions can be invested across the whole spectrum from the risk-free (in investment terms) deposit-based funds to the high risk overseas-based and special situation equity funds.

Building society deposit schemes are well known in the ordinary savings market. Where personal pensions are concerned the only differences are that interest is paid gross and the money is locked away until retirement.

Overseas funds may be a general international fund, where the investment manager invests in all overseas markets to spread the risk, or they may invest in certain countries or geographical areas.

As yet, there does not appear to be the same proliferation of funds for personal pensions as with ordinary unit trusts, getting more and more refined in their investment objectives - the very high risk/high reward funds.

Penetration of personal pensions should understand that a basic requirement of the investment for pension scheme is that the return on the underlying assets must at least keep pace with the rise in salaries and wages.

Such growth over the long term is most likely to be achieved by real assets (equities and property investments) rather than money assets (deposits and fixed-interest stocks).

Deposit funds should be used only over the short term, particularly near retirement.

For investors who take flight at any downward movement in the stock market, the with-profits fund is an acceptable compromise.

Next to deposit accounts on the risk scale are with-profit contracts. All contributions are pooled into a common fund covering a range of investments - fixed-interest securities, such as gilts, shares and property.

With the unitised or deposit-administration style of with-profits policies a low minimum growth rate is guaranteed, usually 4 per cent a year.

In addition, each year bonus interest is added based on the investment performance profits from the pooled fund.

Thus, a with-profits fund operates rather like a deposit account, but grows each year at a rate that relates to the performance of the underlying fund.

Like a deposit account, it cannot decrease in value in money terms. And since it contains a degree of equity investment, it can offer a higher return than a building society deposit - currently 12 per cent against 9.75 per cent.

Finally, there are unit-linked

J.E.

Divided they stand

A SURVEY by Financial Adviser, the weekly publication for intermediaries, shows that the unit trust industry is very divided about the new pricing system.

Out of a list of 82 leading unit trust groups, 21 have decided to adopt the new forward pricing formula, where you buy or sell units "billed" at the next (unknown) valuation of the trust. Another 21 groups have plumped

for the historic price system, where you deal at the last (known) valuation. A further 20 groups are using both methods - forward in the morning, and historic in the afternoon.

In fact it is not quite as simple as that, since all groups will have to deal on a forward basis, if this is requested by a customer; or if an order is received by post; or if the market moves by 2 or 3 per cent in

either direction. The groups also have the option to switch to forward pricing on any orders valued at £15,000 and above.

The list below, compiled by Financial Adviser, shows the pricing system chosen by each company, as well as the valuation time for their funds.

Name	Method of Pricing	Valuation Times	Dealing Number
Abbey Unit Trust Mgrs	Historic	10.00am	0945-717373
Aetna Unit Trusts Ltd	Forward	4.00pm	01-837 6494
Allied Dunbar	Forward	4.00pm	0793-610395
Barclays Unicorn Ltd	Both	12.00pm	01-254 5544
Buchminster Mgmt Ltd	Both	12.00pm	01-288 2968
James Capel Unit Trusts	Forward	3.30pm	01-588 0998
Capital House	Historic	8.55am	0800-833551
Citicoop	Forward	10.00am	0227-261010
Clerical Medical	Both	12 pm, 4pm	0800-373393
Commercial Union	Historic	12.00 pm	01-886 9518
Eagle Star Unit Mgrs	Historic	10.00am	01-826 9112
Equity & Law Unit Trusts	Historic	12.00pm	0203-559231
Fidelity	Forward	12.00pm	0800-414181
Framlington Group	Historic	10.30am	01-628 5181
Friends Provident	Both	10.00am	0722-411411
GT Unit Managers	Both	12.00pm	01-626 9461
Guinness Fund Mgrs	Forward	10.00pm	01-588 4322
Govett (John)	Forward	10am, 12pm	01-626 0526
Guardian Royal Exch	Historic	10am, 12pm	01-588 9903
Guinness Mahon	Both	10.00am	01-623 9335
Hambros Bank	Both	10am, 12pm	0227-261010
Henderson	Both	12.00pm	0227-261010
Hill Samuel	Historic	10.00, 12 pm	01-688 4322
Kleinwort Barrington	Forward	11.00am	01-622 0778
LAS Unit Mgrs	Both	10am, 2 or 4 pm	031-225 4008
Lazard Unit Mgrs	Forward	12pm, 5pm	01-588 2721
Legal & General	Historic	Noon	0227-261010
Lloyds Bank	Forward	10.00 am	0634-834313
M&G	Both	9.00am	0245 262266
Mercury Fund Mgrs	Both	10.00am	01-280 2080
Martin Currie	Historic	8.55 am	031-225 4372
Midland Unit Trusts	Forward	12.00pm	0742-529888
MIM Britannia	Forward	10.00am	0800-010733
Morgan Grenfell	Both	9.15am	01-889 0826
Murray Johnstone	Historic	10.00pm	01-248 3382
NM Schroder	Historic	10 am, 12 pm	0705-827733
Pearl	Historic	10.00am	01-531 1657
Perpetual	Both	12 pm, 4 pm	0481-578868
Proffitt	Historic	10 am, 2 pm	01-247 7644
Provident Capital	Historic	10.00 am	01-478 3377
Prudential Hoborn	Historic	Every two hours	01-634 2961
NM Rothschild	Both	10.00am	0733-230000
Royal Life	Both	4.00pm	01-638 2453
Save & Prosper	Both	9.00am	01-586 6893
Scimitar	Both	12.00pm	031-659 1067
Scottish Equitable	Forward	12.00pm	031-658 2341
Scottish Provident	Historic	10.00am	031-658 3724
Scottish Widows	Historic	10.00am	01-226 2984
Serviel	Historic	6.59am	0800 593777
Standard Life	Forward	3.00pm	021-228 3271
Stewart Ivory	Forward	12.00pm	0403-56293
Sun Alliance	Forward	12.00pm	01-608 6070
Sun Life	Both	12.00 am	0264-82434
Target	Forward	4.00pm	0295-384000
Thornhill	Both	10.00 am	01-483 8545
Touche Frennatt	Both	12 pm, 4 pm	01-248 1250
Tyndall	Historic for now	10.00 pm	01-248 3382
Vanguard	Forward	12.00 pm	01-238 3053
Wardley	Historic	Depends on fund	01-374 0861
Windsor	Historic	10.00 am	11-405 8331

The above table gives an overview of the pricing systems chosen by the unit trust industry. It is intended to be a guide only and should not be relied upon for investment purposes. Call companies for specific details. Figures subject to two forward pricing in a given month if the fund is a with-profit fund. For more details on the new pricing system, call Financial Adviser on 01-225 4008.

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Letters, Page 7
Eric Short

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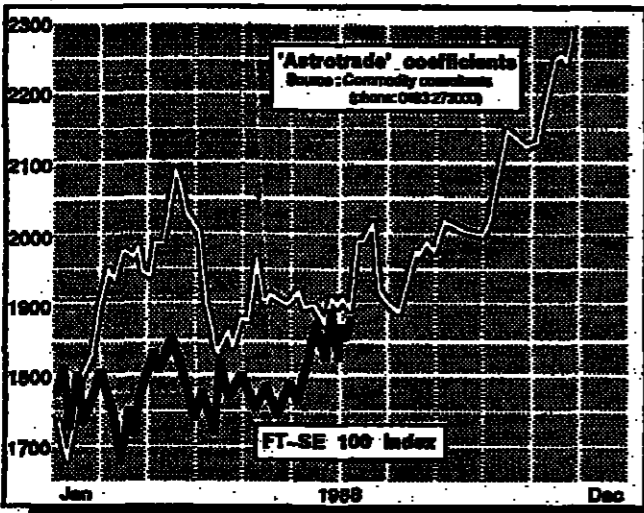
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Listing for the bonds has been granted by the Council of The Stock Exchange. Listing Particulars in relation to Nationwide Anglia Building Society are available in the Extel Statistical Services. Copies may be collected from Companies Announcements Office, P.O. Box No. 119, The Stock Exchange, London EC2P 2BT until 12th July, 1988 and until 25th July, 1988 from:-

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9th July, 1988

FINANCE & THE FAMILY



The stars await a great bear market

SHARE PRICES on the UK stock market will continue rising until the end of the year at least, but the outlook for 1989 remains gloomy. That, at least, is the trend forecast by astrological analysis of the market using the Astrotrade coefficients.

These are calculated by computer and compare the astrology of each trading day with the historical pattern of price trends derived from analysis of the FT 30 share index since its start in 1935.

In January, the Astrotrade graph predicted a spring rally in share prices that would top-out on March 16. As it happened, this was very close to the Chancellor's chosen Budget date.

The rally after the October crash was disappointing because the Astrotrade coefficients showed that the FTSE-100 index should have reached 2,100 or more. Instead, it got only as far as 1,855.7 before falling back to 1,725.4.

The coefficients predict that there is a strong possibility that the FTSE-100 will rise this year to the resistance level above 2,200 established in 1987. In New York, this would mean the Dow Jones index topping 2,400.

Daniel Pallant

John Edwards on the attraction of interest-bearing accounts

Market gives banks the edge

IF YOU have some spare cash on which you want to earn interest while keeping it easily available for withdrawal, now is the time to look at interest-bearing bank accounts, particularly those linked with the money market.

The reluctance of building societies, awash with cash after record inflows following the October crash, to follow the recent increases in interest rates has created an unusual situation.

In many cases, money market bank accounts, based on the rates being paid on the wholesale money market, are now offering a higher rate of interest than building societies, which normally have the competitive edge.

rate, to review the interest rate paid to depositors. They are in no great rush to take any action, especially as the recent tax rebates are likely to increase the inflow of funds coming in without the need to raise rates.

The interest paid by money market bank accounts varies from company to company, depending on additional services offered, the minimum deposit required and the element of risk.

To attract business, smaller companies, with less well-known names, have to offer higher rates to compensate for the potentially higher risk.

taking into account Composite Rate Tax (currently 23.25 per cent), which has to be deducted automatically from the interest paid on all bank and building society accounts held by UK residents and which is not reclaimable.

The prime attraction of money market accounts, which normally offer lower interest rates than building societies, is that they usually offer instant access to your money, and provide other services such as a cheque book and cheque guarantee cards.

In contrast, most of the normally higher interest rates offered by building societies are based on the money being locked away for a period, with minimum notice of withdrawal if you wish to avoid being penalised by loss of interest.

Even the clearing banks are paying more than this at present. Lloyds Bank this week raised the interest it pays on its high interest cheque account by 0.5 per cent to a high of 6.7 per cent net (for deposits over £50,000) with interest paid only once a year.

National Savings, the Government-owned outfit, has also made no adjustments yet to its interest rates. However, they remain reasonably competitive since they were last altered at the end of March, although some of the changes did not become effective until the beginning of May.

Even more striking is the narrowing of the discount of F & C Eurotrust, now down to around 7 per cent from 25 per cent at the end of last year.

Rich rewards in the East

WOULD YOU have considered making a substantial investment in Far Eastern smaller markets at the start of the year? It seems unlikely. Most investors, in trauma after the October crash, were putting new money into safe UK income funds, or even the building society.

But having pumped for the cautious route, it is galling to see the extraordinary performances achieved by high-risk specialist funds in overseas markets, particularly the Far East. Unit trust performance figures for the first half of the year, produced by Microcap, show that eight of the top ten funds investing in the Pacific Basin economies, the other two are funds investing in the US.

in pre-crash markets. Sector averages also held up well, with only the Gilt and Fixed Interest Income trusts showing a negative performance average.

However, the poorest performers in most sectors lost money for unit-holders, the exceptions being Japan, Far East and Mixed Growth trusts.

Microcap's share price performance figures, also achieved some striking increases during the first half of the year.

Investment trusts prices, quoted mid-market to mid-market, are comparable to the unit trust figures inasmuch as they show what the actual return on an investment over the period would be. They cannot, however, be explained in terms of investment management alone.

TOP TEN UNIT TRUSTS IN FIRST HALF 1988

Table with 2 columns: (% growth offer-to-offer, income reinvested) and values for various unit trusts like Sentinal Far East Emerging Economies, NM Australian, etc.

TOP TEN INVESTMENT TRUSTS

Table with 2 columns: (% growth mid-price income reinvested, 31.12.87-1.7.88) and values for various investment trusts like Korea Europe, TR Pacific, etc.

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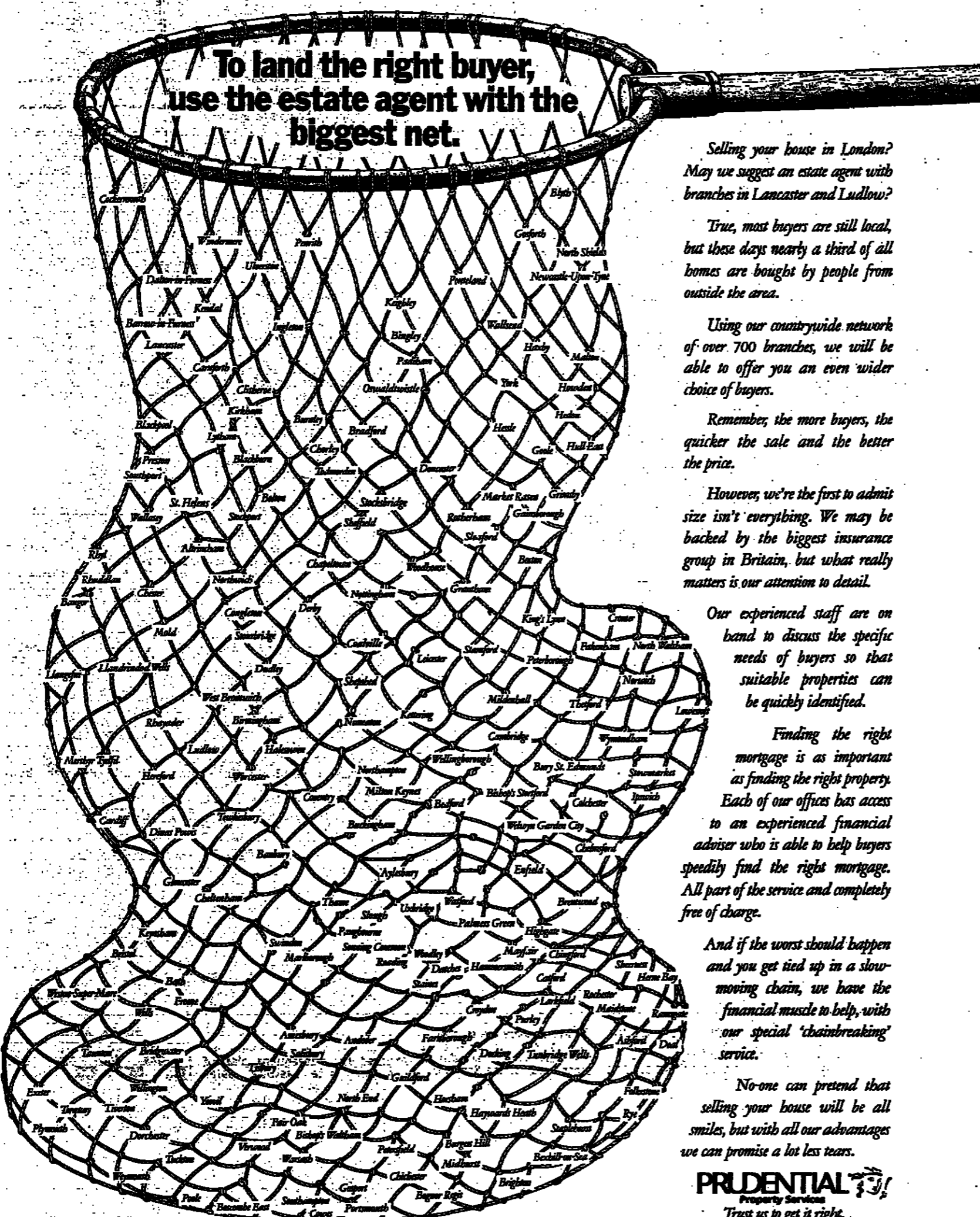
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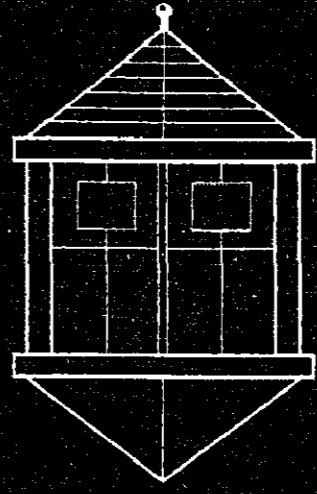
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PROPERTY

John Brennan explains the continuing attraction of property in St John's Wood and Regent's Park

Just the spot for a millionaire lifestyle

REGENT'S PARK and St John's Wood are classic examples of the trinity that once you think you've come up with a workable generalisation, the exceptions begin to form a disconcerting queue. That higher housing finance costs translate into a lower rate of house price inflation is a good enough generality. As for these particular exceptions, the fact that there are fewer than 150 properties in and around Regent's Park and no more than 1,100 homes in St John's Wood, helps to explain why these two parts of the Central London market manage to achieve relative immunity from the effects of mortgage interest rate rises.

Fashion and rarity make a potent mix when it comes to residential values. That has been the case in St John's Wood since the Eyre, Harrow School, and Ston College estates, which account for most of the area, first began to be developed in the 18th century. Add to the residential drawing power of the local synagogues, proximity to the Regent's Park Mosque, Lord's cricket ground, international schools, and a number of equally internationally well-known private hospitals, and it is hardly surprising that the area has more than its share of residents who cannot understand why anyone would want to live anywhere else in the capital.

Mark Pollack of Aston Chase says, some noticeably greater buyer resistance. "As so many of the leases are running down it is having a noticeable effect on the prices of those properties. People get a bit more cautious when they reach that stage. Freeholders do command a premium, but a good one only becomes available now and then, and so people have come to recognise that, if they want to live in the area, they are likely to be looking at a leasehold."

The area's popularity cannot necessarily be judged by asking prices locally, or in the sense of being an automatic sellers' market. Demand consistently exceeds supply, but at a price. And as, Pollack confirms, St John's Wood has "a lot of optimistically priced properties." Because of the amount of interest in property values owners tend to get an agency valuation, add a bit, and hold out for the higher price in the hope of attracting some price-insensitive buyer, with the comfort of knowing that, in the past at least, the market has invariably caught up with even the most optimistic asking prices.

properties in St John's Wood because it has been such a consistently good market. They will buy a place as an investment, spend money on it and ask a high price, and if it doesn't sell they'll revert to Plan A and rent it out."

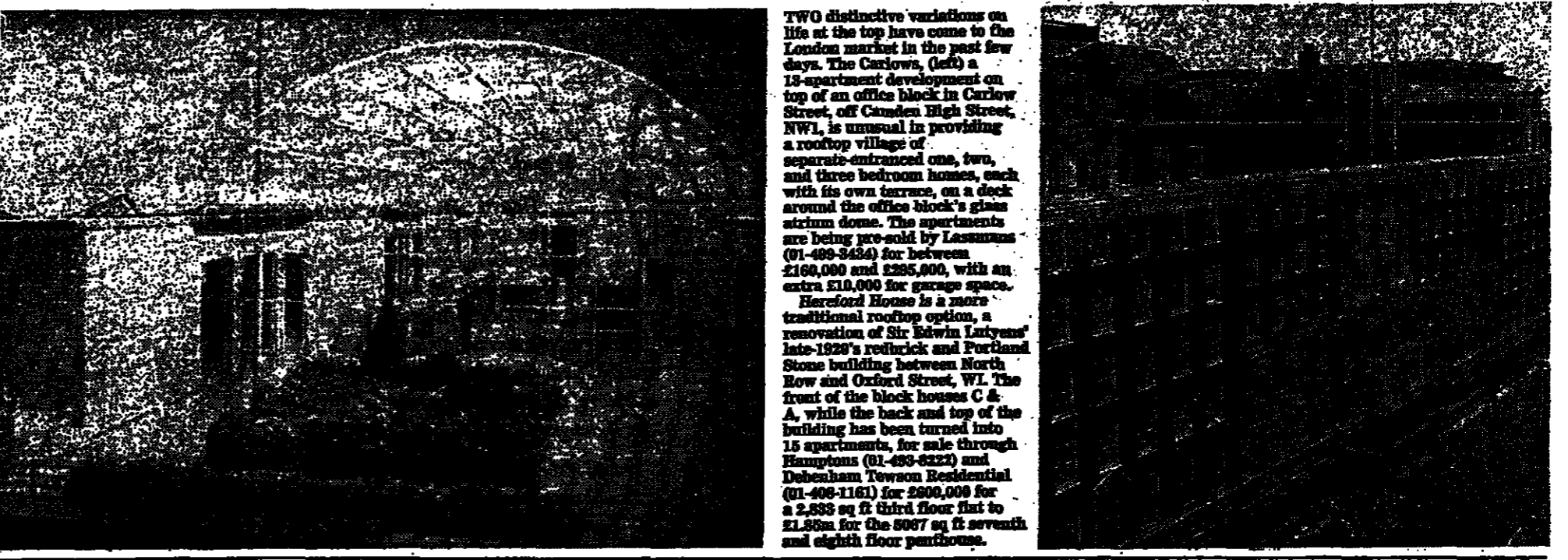
As for Regent's Park, the Crown Estates' policy of providing long leaseholds to developers capable of meeting tough renovation standards means that it is hard to recall the extent of decay of so many of the Nash terraces and Park villas just five or ten years ago. Regency London's fashionable northern park is once more a suitable home for millionaires, or for those whose corporate status allows for a millionaire lifestyle.

Estates has just sold one of the last remaining newly refurbished 60-year Crown leasehold houses at 14 Hanover Terrace for "Close to" £1.5m. Pollack's astute analysis of the area's price in a million pounds or more to the asking price of a house of equivalent quality in Belgravia; SW1 retains a substantial price premium over NW1 despite the similarity in the scale and quality of the big terrace houses and the lease put on the market at an owners' asking price of over £1.5m, which is well above any comparable sale prices achieved in the neighbourhood. Nevertheless, the house drew bids of £1.7m, also well above any open market price, yet the owners flatly rejected the bid.

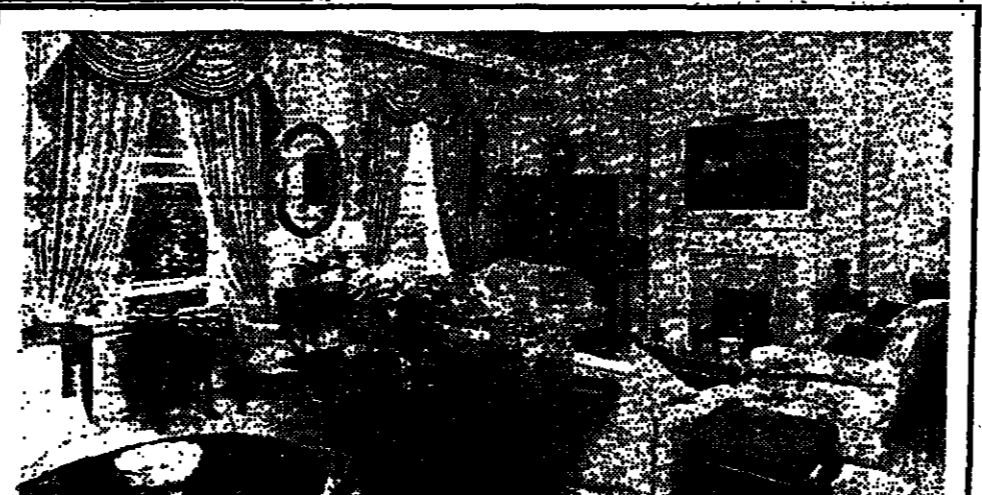
As for Regent's Park, the Crown Estates' policy of providing long leaseholds to developers capable of meeting tough renovation standards means that it is hard to recall the extent of decay of so many of the Nash terraces and Park villas just five or ten years ago. Regency London's fashionable northern park is once more a suitable home for millionaires, or for those whose corporate status allows for a millionaire lifestyle.

household mansion set in 4.5 acres of gardens inside the Park was sold by Knight-Ridder's Rutley to Middle East agents for \$5.25 in a couple of years ago. They've spent as much again refurbishing the building; the owners are now reputed to be asking a London record \$20m for the house through agents in Beverly Hills. Richard Crosthwaite, who sold the property, is to put it mildly, bemused by the new asking price. But he accepts that it is one of the few houses "that doesn't strain the use of the word unique. Crosthwaite finds that in the Park, as in the rest of Central London, people are being selective. Prices are higher than a year ago, and properties are selling, but there is not the kind of euphoric market we had last year."

One reason why good properties are commanding 15 to 20 per cent more than a year ago is that there are far fewer houses for sale. Although the two-bedroom "luxury" flat market is showing clear signs of saturation in many parts of Central London, good houses are like sharks' teeth. "There is a degree of rigidity in the market because anyone thinking of selling in London and moving to the country now has to be sure that they have been able to buy something before they make a move," says Crosthwaite. "In the country market there are five people for every house at the moment, and we are finding a number of people who have properties up for sale in London who are stuck, having missed buying in the country a couple of times already."



London Property



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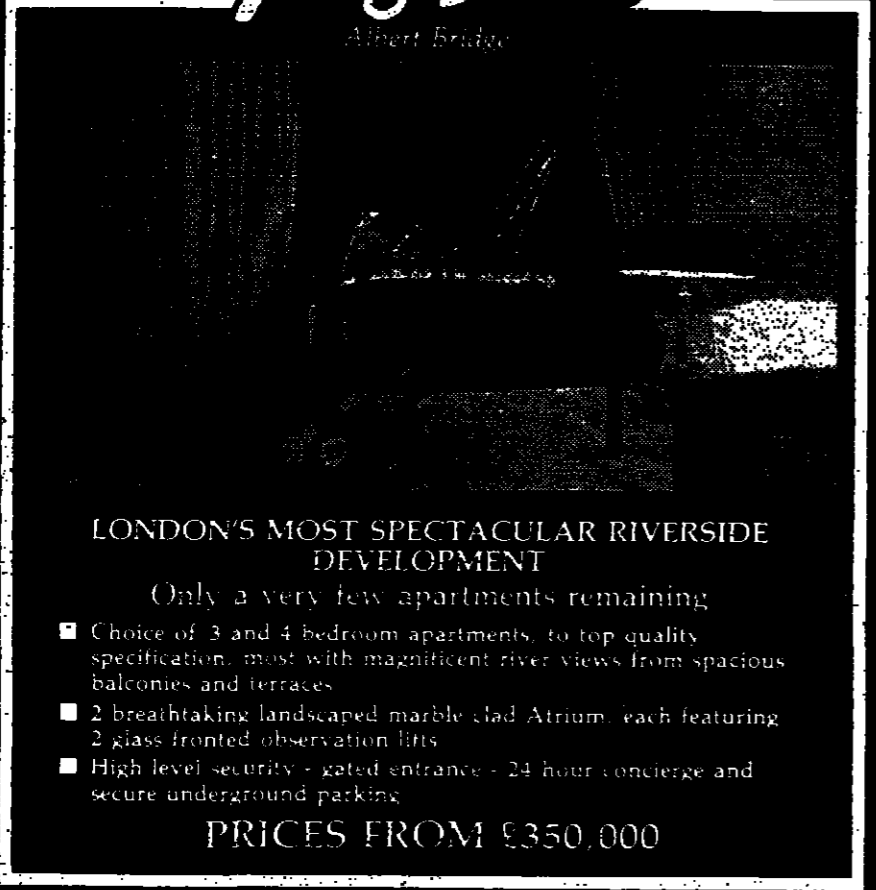
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A truly unique Grade I listed house built by Sir Christopher Wren circa 1700. Located fronting the River Thames and within the grounds of the great house has a fully documented history of Royal and notable occupancy.

4 Bedrooms, 2 Bathrooms, 4 Fire Reception Rooms etc, staff accommodation, parking, 2 1/2 acres of landscaped grounds.

OFFERS IN EXCESS OF £1 MILLION INVITED FOR THE CROWN LEASE

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CARLETON SMITH & CO.

GUN WHARF, WAPPING, E1 £275,500
Direct river views southwards over the Thames from this impressive 2 bed warehouse apartment of generous proportions. In the heart of Wapping, only moments from shops, transport and restaurants. Recep, dining area, kit, 2 beds, secure parking. LEASEHOLD

TOLDORE WARD, WAPPING, E1 £175,000
Vast 4th warehouse flat well situated for the amenities nearby, shops, restaurants and transport. Close to new financial centre. Recep, kit, bath with shower, car parking, resident concierge, lift, parking. LEASEHOLD

ELEPHANT LANE, BOTHERWITHE, SE16 £155,000
A 3 story town house on quiet leafy development next to park and the new river bus stop at Cherry Garden Pier. 3 beds, recep, kit, 2 baths, 4 beds, garage, GCH, garden. FREEHOLD

NEWLANDS QUAY, WAPPING E1 £125,500
2 bed south facing dockside flat with balcony in attractive new development. Situated for its excellent resp. FF kit, bath, CH, parking, close to D.L.R. and shops. LEASEHOLD

CLIFFERS QUAY, ISLE OF DOGS, E14 £95,000
Charming 2nd fl flat in the popular development on the Millwall Dock, next to D.L.R. station. Attractive landscaped gardens. 2 beds, bath, recep, kit, car parking. LEASEHOLD

39 East Smithfield, London E1 9AP **Tel: 01-488 9017**

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occupying a unique location a prestigious 19th cent road close to the COMMON and VILLAGE

The generously spacious accommodation offers: Reception Hall, Chl, 4 Reception Rooms, Luxury Break-Room/Kitchen, Laundry, 6 Bedrooms, Dressing Room, 2 Bathrooms, Double Garage, Superb Hall Area Landscaped Gardens with Heated Swimming Pool and Tennis.

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APPLY VENDORS AGENTS: AVESFORD & COMPANY, 81, HIGH STREET, WIMBLEDON COMMON SW19 5EQ Tel: 01 948 9028

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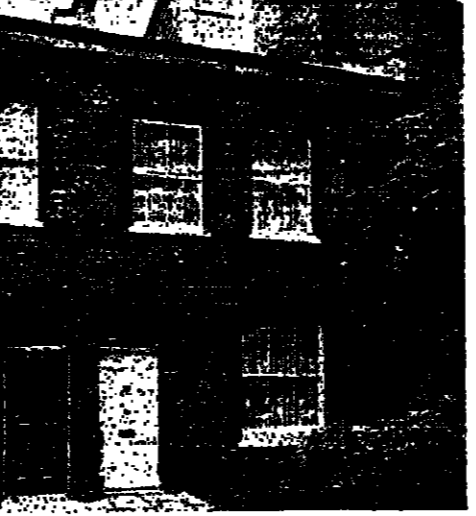
PRIME FORCE IN PROPERTY



LONDON AREA
FOUNTAIN HOUSE, MAYFAIR, W1
An exceptional apartment on the 6th floor of this popular and prestigious block, overlooking Hyde Park. Decanted to a high standard. 3 reception, 3 double bedrooms, 2 bathrooms (1 en suite), kitchen, cloakroom, staff room and shower room. 24 hour portage. L.H. Video entrance phone. £1,175 million.
Hamptons, Head Office: 01-493 8222



WOODSEER STREET, E1
Victorian period house, redesigned internally, with spacious bright accommodation and the benefit of a separate studio annex. Reception, kitchen/breakfast room, 2 bedrooms, bathroom. STUDIO - studio room, shower room, cloakroom, polished bathroom.
£239,000 for the Leasehold.
Hamptons, Docklands Office: 01-790 3311



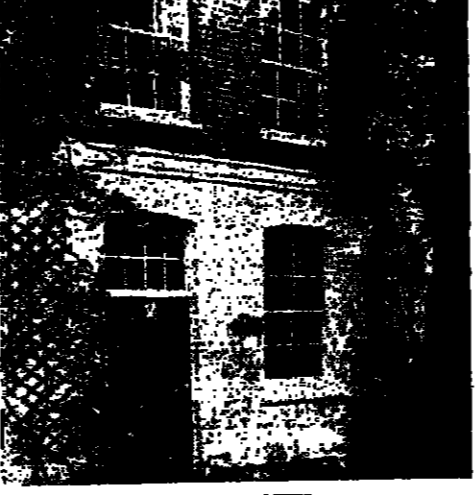
OLD HAMPSTEAD VILLAGE, NW3
A delightful Victorian house in immaculate condition throughout, right in the heart of the Village. 3/4 bedrooms, reception, dining room, study, kitchen, conservatory, 2 bathrooms. Sited on a large plot with garden.
£395,000 Freehold.
Hamptons, Hampstead Office: 01-794 8222



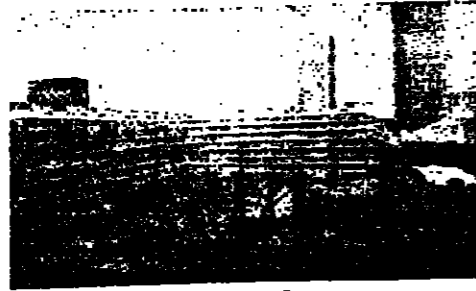
EATON SQUARE, SW1
Magnificent 3 bedroom ground floor flat in an elegant period house overlooking private gardens and the Square. Large entrance hall, 2 reception, 2 bathrooms (1 en suite), kitchen. Private access to Square gardens and tennis court.
Lease: 15 years. Price: £345,000.
Hamptons, Head Office: 01-493 8222



WAPPING, E1
An excellent 3rd floor flat, ideal as a pied-à-terre located in the sought after Gun Place development. Attractively furnished. Reception/dining room, kitchen, utility, 2 double bedrooms, dressing room, 2 bathrooms (1 en suite).
£179,000 for the Leasehold.
Hamptons, Docklands Office: 01-790 3311



HAMPSTEAD VILLAGE, NW3
A superb village cottage c 1725 situated in a cobbled yard of one of Hampstead's most attractive squares. In excellent condition and comprising reception, heavy kitchen/dining room, 2 bedrooms, new bathroom, conservatory, roof terrace. Large plot.
Sole Agents.
£395,000 Freehold.
Hamptons, Hampstead Office: 01-794 8222



WILLOUGHBY HOUSE, EC2
Superb Victorian flat, overlooking the Primrose Lake and waterlilies. Well proportioned with lots of character. The flat on the 6th, 7th and 8th (top) floors comprises of 2 reception, 3 bedrooms, kitchen, bathroom, cloakroom.
£269,000 for the Leasehold.
Hamptons, Docklands Office: 01-790 3311



LIMEHOUSE CUT, E14
An absolutely stunning 2nd (top) floor flat, benefiting from vast open rooms and lots of character. Viewing highly recommended. Reception/dining room, kitchen, utility, 2 double bedrooms, dressing room, 1-2 bedrooms, fully fitted kitchen, 2 superb bathrooms.
£185,000 for the Leasehold.
Hamptons, Docklands Office: 01-790 3311

21
Hyde Park Square

London elegance restored

Twenty-one beautifully proportioned apartments, carefully designed and meticulously restored, in this gracious early Victorian building overlooking peaceful square gardens and yet close to Hyde Park, Knightsbridge and the West End are within easy reach.

The apartments have been superbly fitted to include Bosch fully equipped kitchens, luxury marble tiled bathrooms, passenger lifts and security systems, and benefit from an elegant and superbly finished entrance hall, resident portage and the use of the square gardens. Separate staff accommodation is also available. Apartments range from two to five bedrooms.

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Knight Frank & Rutley
20 Hanover Square London W1R 0AH Telex: 263384 01-629 8171

Warwickshire
Berkswell, Birmingham 15 miles. Warwick 9 miles.
An attractive house in mature gardens with magnificent views
4 reception rooms, 4 bedrooms, 2 bathrooms. Coach house with parking and stables. Swimming pool. 1.5 acres.
About 14 acres
Apply: Stratford-upon-Avon (0789) 297735

Essex
Colchester 3 miles. Liverpool Street 83 minutes. M25 40 miles. Central London 68 miles.
A Grade II listed Georgian house set in mature grounds
Coloured reception hall, 3 reception rooms, study, 7 bedrooms/dressing rooms, 3 bathrooms, 3 attic bedrooms. Beautiful garden with heated swimming pool and hard tennis court. There is potential for conversion to a staff/guesty flat.
Orchard. Private Road.
About 12 1/2 acres
Apply: London

Suffolk
Snettisham 1 mile. Ipswich 30 miles. London 85 miles.
One of the finest Queen Anne houses in Suffolk
Hall, 4 reception rooms, study, 9 main bedrooms, 6 main bathrooms, 2 dressing rooms, 6 secondary bedrooms, secondary bathroom, studio, 100' ornamental avenue. Cottage. Garaging for 6 cars. Outstanding formal gardens, swimming pool and hard tennis court, grounds and woodland.
About 23 acres
Apply: London

Surrey
St. George's Hill
Central London 23 miles. M25 3 miles. Heathrow Airport 12 miles.
An impressive and luxurious house standing in a secure position with spectacular views
Particled reception hall, 3 substantial reception rooms. Study. 17 bedrooms. Master bedroom suite with 3 dressing rooms and 2 bathrooms. Guest bedroom suite. Staff flat. Lodge. Garaging for 6 cars. Mature gardens and grounds.
Planning consent for indoor swimming pool complete.
About 4 1/2 acres
Apply: Guildford (0483) 63171 or London

Warwickshire
Weston on Avon. Warwick 10 miles. Birmingham 25 miles.
An immaculate Grade II listed house with outstanding landscaped gardens
244 reception rooms. Billiard room. Kitchen/breakfast room, 5 bedrooms (2 with en-suite bathroom), bathroom. Integral garage/workshop. Superbly stocked gardens. Large sun terrace.
Joint agents: Lawrence & Wightman, Birmingham 021 236 1132 and Knight Frank & Rutley, Stratford-upon-Avon (0789) 297735

Gloucestershire Cotswolds
Moreton-in-Marsh 2 miles. Cheltenham 21 miles. Chipping Norton 11 miles.
A Cotswold manor house and stud standing in a magnificent position
Reception hall, 4 reception rooms, master and guest bedrooms suites, 4 further bedrooms and 2 further bathrooms. 2 bedrooms annex. Lodge and barns. Cotswold stone barn. Two yards with 18 horses. Mature gardens with heated swimming pool. Post and rail paddock.
About 35 acres
Apply: Chipping Norton (0608) 41914 or London

Somerset
Filton 1/4 mile. Shepton Mallet 3 miles. Castle Cary 9 miles.
A fine listed manor house with outstanding views over its own park
3 reception rooms, kitchen/breakfast room, 7/8 bedrooms, 5 bathrooms. Outstanding garden, indoor swimming pool, hard tennis court. Lodge Gate. Gardens with lake and stream, woodland. Woodland.
About 65 1/2 acres
Pair of stone built cottages and paddock.
Traditional farm buildings with development potential and walled garden.
In all about 66 1/2 acres.
As a whole or in 4 lots.
Apply: Sherborne 0585 812296 or London

Surrey
Alderbury Common. Dorking 6 miles. Guildford 12 miles.
A distinguished house beautifully situated in the Surrey hills.
3 reception rooms, 3 bedrooms, 3 bathrooms. Separate flat. Garaging for 2. Beautiful gardens, woods and parkland.
About 18 acres
Apply: Guildford (0483) 63171 or London

Edinburgh
Barnet Avenue. Edinburgh Airport 6 miles. City Centre 3 miles.
An exceptional house in a prestigious residential area
4 reception rooms, 4/5 bedrooms, 2 bathrooms. Gas central heating. Central Workshop and other outbuildings. Well laid out garden and lawn.
About 1/2 acre Offers over £225,000
Apply: Edinburgh 031-226 7106

Derbyshire
Aubourne 2 miles. Derby 11 miles.
A substantial house in an elevated position.
3 reception rooms, kitchen, 3 bedrooms, dressing room, 2 bathrooms. Stable block with garaging. 3 stables and former livery. Mature gardens. Orchard. Paddock.
About 6 1/2 acres
Joint agents: John Gorman, Burton on Trent (0283) 42051
Apply: London

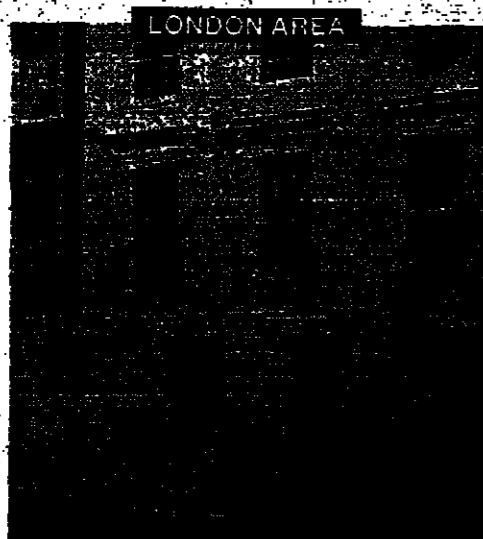
Surrey
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A distinguished house beautifully situated in the Surrey hills.
3 reception rooms, 3 bedrooms, 3 bathrooms. Separate flat. Garaging for 2. Beautiful gardens, woods and parkland.
About 18 acres
Apply: Guildford (0483) 63171 or London

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Handwritten signature: J.P. Viciolo

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LONDON AREA

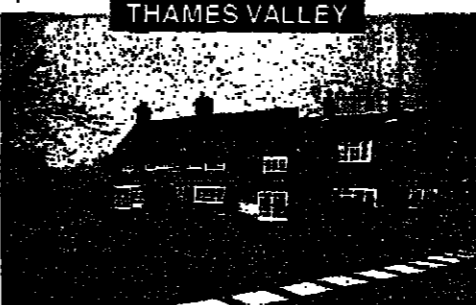
CHESTER ROW, SW1
 Charming family house in quiet location and with well planned accommodation ready for immediate occupation. 4 bedrooms, 2 bathrooms, 2 reception, kitchen, utility, South facing patio garden. Can CH. £625,000 Freehold. Hampton, Head Office: 01-493 8222



BELGRAVIA, SW1
 One of a small residential development completed about 4 years ago and approached through pedestrian archway leading into a private courtyard. 2 double bedrooms, 2 bathrooms (1 en suite), 2 reception, kitchen, utility, entrance hall. Poth. Can CH & HW. £315,000. 57 year Lease. Hampton, Head Office: 01-493 8222



FORMER ROYAL RESIDENCE, NW8
 Impressive Georgian style double fronted detached residence occupying 0.43 acres. 3 reception, conservatory, master bedroom suite with 2 dressing rooms, 5 further bedrooms and 2 bathrooms. Office and staff wing of study, 4 bedrooms/office, bathroom, domestic office. Separate staff flat. Double garage. Large garden. Substantial private forecourt. Price on application. 41 year Lease. Hampton, Head Office: 01-493 8222



THAMES VALLEY

BERKSHIRE, WOKINGHAM
 Attractive listed country residence of great character. 4 reception, store room, kitchen/breakfast room, shower room, 5 bedrooms, bathroom, 2 bedroom cottage. Outbuildings including cow shed with consent for conversion to 4 bedroom dwelling. Loose boxes. Swimming pool. Gardens and grounds of about 5 acres. Guide Price £550,000 (Vendor may consider selling as 2 lots). Hampton, Maidenhead: (0628) 74433 or 01-493 8222



GLOUCESTERSHIRE

GLOUCESTERSHIRE, NEAR CIRENCESTER
 Classic fully restored Grade II* 18th century country mansion, currently a Management & Communications Centre. Potential for most commercial usage. 4 reception, lecture theatre, recording & editing studios, bar office, 19 bedrooms, 11 bathrooms. 4 bedroom cottage. Outbuildings. Gardens and park, 10 acres. Hampton, London: 01-493 8222 or Hampton Pooock & Lear, Cirencester (0285) 4555/5282



GRAHAM TERRACE, SW1
 Charming, exceptionally well presented short leasehold terraced house in this quiet residential street. 2 double bedrooms, bathroom, shower room, 2 reception, kitchen, guest bedroom, Roof Terrace. Garden. Can CH. Office in excess of £200,000. Approx. 15 year Lease. Hampton, Head Office: 01-493 8222



TREVOR PLACE, SW7
 Beautifully refurbished and redecorated house situated on the southern end of Trevor Place with panoramic views over London. Master bedroom suite, guest bedroom suite, 5 further bedrooms, bathroom, dressing room, family room/bedroom, 5, cloakroom, kitchen, patio garden. Roof terrace. Can CH. £725,000 Freehold. JSA: W A Edin: 01-341 7654 or Hampton, Head Office: 01-493 8222



HUGON ROAD, SW6
 Stunning newly refurbished family home, virtually re-built behind its existing facade, close to South Park. 3 bedrooms, 2 bathrooms (en suite), 2 reception, kitchen/breakfast room, conservatory, utility. Pool house. Garden. Can CH. Burglar alarm. Garage available for rent. £350,000 Freehold. JSA: Friend & Patcher: 01-731 3461 or Hampton, Fulham Office: 01-736 8211



BERKSHIRE, SHURLOCK ROW
 An individual detached house in Georgian style. Principal bedroom suite with dressing room, 3 further bedrooms, family bathroom, entrance hall, cloakroom, 3 reception, kitchen, utility. Oil fired CH. Outbuilding. Garage. Stable, tack room. Grounds and gardens of approximately 1.1 acres. Price £425,000 Freehold. Hampton, Maidenhead Office: (0628) 74433



GLOUCESTERSHIRE, BROADWAY 5 MILES
 Closely situated, a pair of individual Cotswold Cottages. Outstanding opportunity. Each providing Hall, cloakroom, 2 reception, kitchen, utility, 3 bedrooms, bathroom. Double glazing. Adjoining paddocks - 3 acres. Price Guide £230,000. Hampton Pooock & Lear, Broadway Office: (099 382) 3636



TOTTERIDGE LANE, N20
 Impressive Georgian style residence in this exclusive private street offering superb family accommodation. Coloured entrance hall, 4 reception, kitchen, utility, 6 bedrooms, 3 bathrooms, 2 bedroom separate cottage. Grounds of approximately 1 acre. Executive driveway and parking facilities. Office in excess of £1.25m. Hampton, Barnet Office: 01-441 6776



TOTTERIDGE LANE, N20
 A most magnificent Tudor style residence situated in this prestigious location. 4 reception, 6 bedrooms, 2 bathrooms, kitchen, breakfast room, cloakroom, 2 adjacent cottages. Three cars. Swimming pool. Tennis lawn with attractive pavilion. Included grounds of approximately 1 acre. £1.5m Freehold. Hampton, Barnet Office: 01-441 6776



NITON STREET, SW6
 An exceptional detached house in a popular residential road on the southern end of Trevor Place with panoramic views over London. Master bedroom suite, guest bedroom suite, 5 further bedrooms, bathroom, dressing room, family room/bedroom, 5, cloakroom, kitchen, patio garden. Roof terrace. Can CH. £725,000 Freehold. JSA: W A Edin: 01-341 7654 or Hampton, Head Office: 01-493 8222



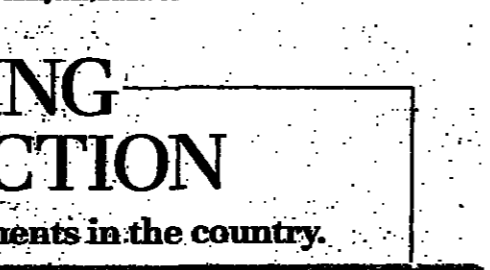
KENT, CHIDDINGSTONE, NR SEVENOAKS
 Fascinating Country House dating from the 16th century. Listed Grade II, in an idyllic rural situation. Hall, 2 reception, kitchen, 3 bedrooms, bathroom, 2 bedroom barn wing with 1st floor studio. Garage and stable. 1/2 acre garden. 2 acre paddock. Office invited for the Freehold. Hampton, Sevenoaks Office: (0732) 460222



BUCKINGHAMSHIRE, STOKE POGES
 Impressive Georgian style detached house in exclusive private road. 4 double bedrooms, 2 bathrooms, 3 reception, fitted kitchen. Can CH. 3/4 acre garden. Landscaped gardens about 1/2 acre. £425,000 Freehold. Hampton Giddy & Giddy, Gerrards Cross Office: (0753) 896464



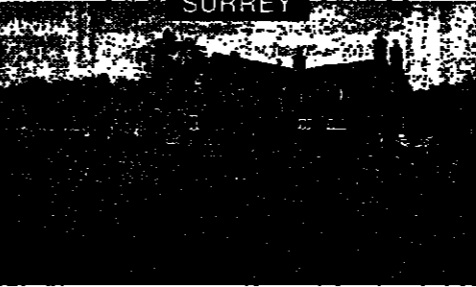
KENT, TUNBRIDGE WELLS
 Beautifully appointed family house in sought after location. Reception hall, cloakroom, 2 reception, kitchen/breakfast room, utility, 4 bedrooms, 2 bathrooms. Double garage. Gardens of about 1/2 acre. Office in excess of £255,000. JSA: Richard Thorpe & Partners: (0892) 511611 or Hampton, Sevenoaks Office: (0732) 460222



SURREY, COBHAM
 Attractive, partly Georgian country house enjoying delightful peaceful setting. Master suite with dressing room, 5 further bedrooms, 2 bathrooms, 2 cloakrooms, 3 reception, kitchen/breakfast room, utility, 2 self-contained cottages. Barn. Garage. Loose boxes. Paddock and garden, in all about 0 1/2 acres. Price guide in excess of £250,000. Hampton, Guildford Office: (0483) 572864



KENT, CHIDDINGSTONE, NR SEVENOAKS
 Fascinating Country House dating from the 16th century. Listed Grade II, in an idyllic rural situation. Hall, 2 reception, kitchen, 3 bedrooms, bathroom, 2 bedroom barn wing with 1st floor studio. Garage and stable. 1/2 acre garden. 2 acre paddock. Office invited for the Freehold. Hampton, Sevenoaks Office: (0732) 460222



SURREY, NEAR GUILDFORD
 Important country estate of 70 acres. 4 reception, conservatory, master bedroom suite with dressing room, guest suite, 4 further bedrooms, 2 bathrooms. Self-contained flat. Coach house/cottage. Indoor swimming pool, sauna. Lake. Outbuildings. Loose boxes with menage. Railed paddocks. Own chicken ground. Substantial Office invited for the Freehold. Hampton, Guildford Office: (0483) 572864



WILTSHIRE, BATH 9 MILES
 A sympathetically converted Victorian Coach House with private Walled Garden. 4 reception, kitchen/breakfast room, cloakroom, utility, 4 bedrooms, 2 bathrooms (1 en suite). Range of outbuildings. 3/4 of an acre garden. Price Guide £240,000. Hampton, Marlborough Office: (0672) 55181 and Trowbridge Office: (02214) 66695



Heath Park Gardens

TEMPLEWOOD AVENUE, HAMPTSTEAD, LONDON NW8

Originality and style have been combined to produce a landmark in contemporary residential architecture. Secure, serviced and with every modern amenity, including one private and one communal swimming pool. 13 exquisitely designed apartments, duplexes and penthouses have been individually planned to provide spacious, elegant and secluded accommodation with stunning views over Hampstead Heath. Typical Reception Room 40'x30' 4/5 Bedrooms, 4/5 Bathrooms. Prices: £350,000 to £4 million. 999 Year Leases. **SALE ONLY**

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EAST SUSSEX, NEAR HEATHFIELD
 An excellent detached country house backing on to Peaslingworth Park. Hall, cloakroom, 2/3 reception, kitchen, utility, master bedroom suite with dressing room, 2nd suite of bedroom and cloakroom, 2/3 further bedrooms, 2nd bathroom. Garage. Mature park-like gardens of 7 acres. Office in excess of £240,000 Freehold. Hampton, Midsford Office: (0435) 872396



SURREY, NEAR GUILDFORD
 Standing high with panoramic views to the South, a handsome and spacious country house. 8 principal bedrooms, 5 bathrooms, 4 reception, staff flat, 3 cottages. Squash court. Swimming pool. Tennis court. Attractive gardens and grounds including paddocks of about 48 acres in all. Freehold for Sale. Hampton, Guildford Office: (0483) 572864



WEST SUSSEX, FULKING
 Perched on the top of Devil's Dyke, enjoying spectacular views of the Downs, a fine single story residence. 3 bedrooms (1 with en suite shower room, WC and sauna), bathroom, 2 reception, kitchen, conservatory, utility. Swimming pool. Garage and tool store. Caretaker and informal garden. £335,000 Freehold. Hampton, Bridesley, Sturminster Office: (09066) 4322



OXFORDSHIRE, NEAR BURFORD
 Period stone farmhouse, Listed Grade II. 3 reception, 6 bedrooms. Stone barn converted into 3 holiday letting cottages. Outbuildings with planning permission for conversion to 2 holiday letting cottages. Gardens, grounds and paddocks, about 5 acres in total (more land available if required). Freehold for Sale. Hampton, Burford (099 382) 3636 or Cheltenham: (0242) 514849

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KENT - Near Cranbrook
 Hawkhurst 3 miles, Etchingham Station 7 miles, Cannon Street/Charing Cross 50/64 minutes.
 An exceptional Grade II listed country farmhouse having medieval origins and enjoying rural views.
 Entrance hall, 3 reception rooms, study, playroom, kitchen/breakfast room, 5 bedrooms, 1 bathroom, 2 shower rooms, Conservatory.
 Heated swimming pool, Oratory with garage and studio flat. Barn. Outbuildings.
 Attractive garden. Pond.
 Over 14 acres.
 Savills, London. Tel: 01-499 8644.
 Contact: Richard Page.



GLOUCESTERSHIRE COTSWOLDS
 M3 Junction 14 (5 miles), M4 Junction 15 (10 miles), Tisbury 10 miles, Bath 17 miles.
 Superb Edwardian country house overlooking the Berkshire Vale.
 Hall, 5 reception rooms, kitchen, 6 main bedrooms, 4 bathrooms, gas central heating.
 Self contained flat. Coach house. Stabling and Pump house suitable for conversion.
 Gardens and grounds. Paddock.
 13 acres.
 Offers invited.
 Joint agents
 Jackson-Stops & Scott, Cirencester. Tel: (0285) 3334.
 Savills, Banbury. Tel: (0295) 3535.
 Contact: Ian McConnell.



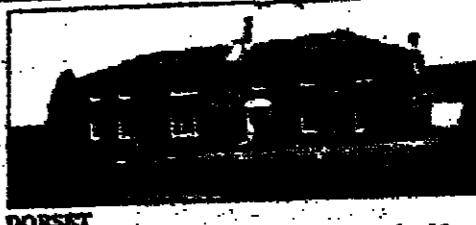
OXFORDSHIRE
 Oxford 12 miles, Chipping Norton 8 miles, London 66 miles.
 One of the finest residential and agricultural estates in the south of England.
 A classic Georgian house standing in beautiful gardens and park with lake, 167 acres of park, together with lodges, cottages and stables.
 A renowned commercial firm with highly productive quality yields and much expansion.
 4 farmhouses, 13 cottages. About 24 acres of amenity and sporting woodland. About 1,704 acres of farmland.
 For sale freehold with vacant possession (subject to certain covenants).
 As a whole or in 11 Lots.
 Also available further houses and cottages forming the major part of the village of Glypton.
 Land agents
 Franklin & Jones, Elm Court, West Way, Botley, Oxford.
 Selling agents
 Savills, Banbury. Tel: (0295) 3535.
 Savills, London. Tel: 01-499 8644.

01-499 8644 20 Grosvenor Hill, London W1X 0HQ

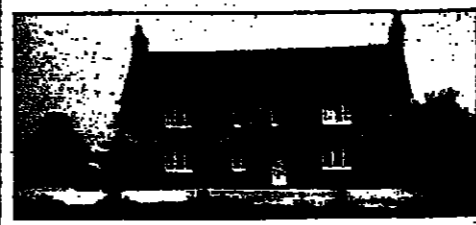
STRUTT & PARKER



HAMPSHIRE - DUMMER
 London 55 miles, Winchester 13 miles.
 Basingstoke 7 miles, M3 (J7) 3 miles.
THE BREACH FARM ESTATE
 An outstanding residential, agricultural and sporting estate.
 Breach House - 4 reception rooms, 3 bedrooms, 3 bathrooms. Two secondary houses and four cottages.
 Modern farm buildings. 113 acres productive arable land, 167 acres woodland. Fine pheasant and partridge shoot. About 1,800 Acres. For sale as a whole.
 Joint agents: James Harris, Winchester.
 Tel: (0952) 841842.
 Strutt & Parker London office Tel: 01-629 7282.
 Ref: 1DC10220.



DORSET
 Shaftesbury 4 miles, Salisbury 17 miles, (Winchester 90 minutes) A303042 8 miles.
 An elegant period home superbly situated with delightful gardens and grounds.
 Entrance hall, 3 reception rooms, 3 bedrooms, 3 bathrooms, 3 bedrooms, 3 bedrooms and 3 bathrooms. Single aspect flat with full kitchen, sitting room, library, 3 bedrooms and bathroom. Outbuildings self-garaging. Mature garden, cricket and paddock. About 2.25 acres. Offers are invited for the freehold. A separate cottage in its own garden could also be made available if required. Joint agents: Savills, Salisbury office.
 Tel: (0722) 20422. Strutt & Parker Salisbury office Tel: (0722) 24741. Ref: 7AB334.



BERKSHIRE
 Hungerford 3 miles, Newbury 12 miles.
 London 70 miles, M4 (J14) 5 miles.
AN OUTSTANDING STUD IN A FIRST CLASS LOCATION.
 Farmhouse - 3 reception rooms, 5 bedrooms, 2 bathrooms, 2 cottages. Modern stud buildings - 3 American barns with 46 boxes. Loose school. Farm buildings. 122 acres post and rail paddocks. 215 acres farmland. About 335 acres. For sale as a whole or in up to 4 lots.
 London office: Tel: 01-629 7282. Newbury office: Tel: (0635) 51707. Ref: 10376.



DEVON - TERN VALLEY
 M5 8 miles, Exeter 10 miles.
 An outstanding Grade II residential and agricultural estate situated in a truly peaceful and secluded position.
 Impressive 19th century mansion, 4 reception rooms, 6 bedrooms, 3 dressing rooms, 2 bathrooms, oil central heating, Georgian, 18th century Landscaped garden and grounds, 3 cottages. Paddock, agricultural land, woodland. About 65 acres.
 For sale as a whole or in a lot by private treaty.
 Excess 1575/896. Kinross office Tel: (0592) 215631.



WEST SUSSEX - NR ARUNDEL
 (Mainline station 1 mile.)
 An outstanding Grade II 17th century house in a secluded position adjoining farmland.
 3 reception rooms, 4 principal bedrooms, 5 secondary bedrooms. Garage and stableblock, swimming pool, walled garden, timbered grounds, natural pond and paddock. About 6 acres. Region 1450,000.
 3 bedroomed cottage also available.
 Lewes office: Tel: (0273) 473411.
 London office: Tel: 01-629 7282. Ref: 6AC4268.



SUFFOLK - WARWICK VALLEY
 Botesdales 3 miles, Bungay 3 miles. Diss 22 miles.
 Norwich 77 miles.
 An excellent residential unit situated in a rural area with attractive Grade II period farmhouse residence.
 3 reception rooms, 3 bedrooms, 2 bathrooms. Range of modern and traditional farm buildings. Suffolk barn for conversion (subject to p.p.). Extensive gardens and grounds. About 135 acres. For sale by private treaty as a whole or in 6 lots.
 Norwich office: Tel: (0603) 617431. Ref: 9BB2409.



ABERDEENSHIRE
 Aberdeen 5 miles, Inverness 105 miles.
 A charming Edwardian house of great character and admit a magnificent mature garden.
 Reception hall, 3 reception rooms, sun lounge, 6 bedrooms, 3 bedrooms, bathroom. Self contained staff flat. Gas fired central heating. Double garage, workshop, draughtroom, 2 greenhouses.
 Edinburgh office: Tel: 031-226 2500. Ref: 3BB3795.



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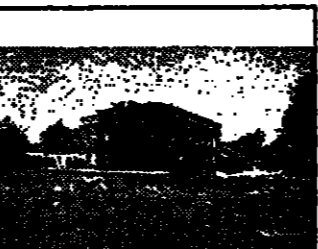
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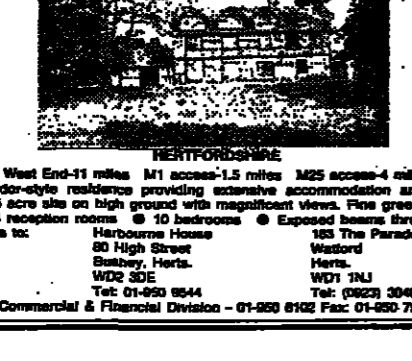
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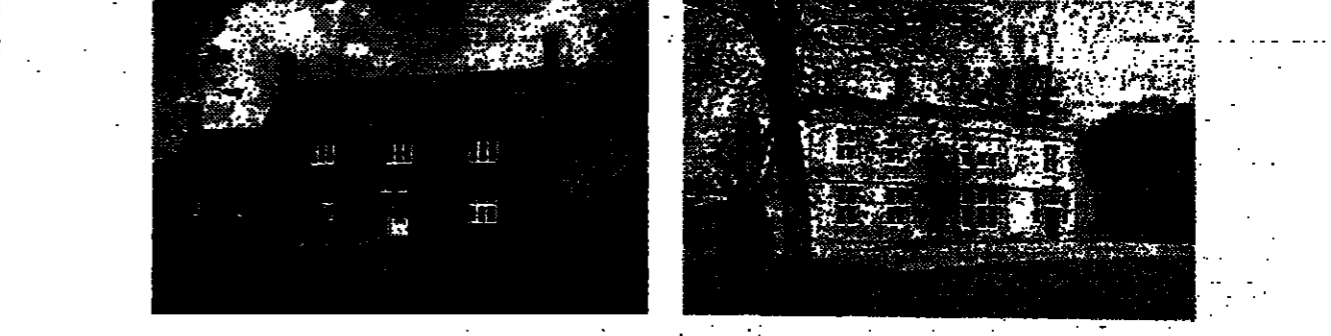
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July 10/11/88

PROPERTY

John Brennan wonders why British property-owners fail to take depreciation costs into account

Don't forget the three per cent delusion

BRITISH homeowners do not speak of depreciation in the same breath as the value of their property. Yet the hidden or generally ignored costs of building, wear, replacements and improvements...

homes in Britain have hot and cold running water, yet all but a few of the pre-1918 houses are still standing started life without hot and cold running water.

650,000, it would seem that residential depreciation could be in the order of 2 per cent a year.



There are obvious problems ahead for an over-borrowed generation of first-time buyers as this year's first set of double-figure base rates feeds through to mortgage rates.

For the national average home, costing £30,000 atop a £20,000 site, the 30-year renewal period brings us neatly back to that figure of a hidden cost of £1,000 a year.

If you allow for the effect of obsolescence, the same principal applies to changing attitudes about what constitutes home improvements, and what has come to be regarded as essentials to achieve an optimum sale price.

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TRAVEL · MOTORING

MERRIE ENGLAND

Two views of the Lake District

Abandon all cars, you who enter here

WITH THE filler in one hand and a Ladybird book on sailing in the other, we set off across Derwent Water. The boat, a small clinker-built dinghy with a sail straight out of *Swallows and Amazons*, did all the right things and fortunately was very forgiving when we did the wrong ones. I would not recommend it as a way of learning to sail, but it was an excellent means of escaping the crowds. The Lake District has one of the finest landscapes in England, and an awful lot of people know it. Motorway access has brought many within easy travelling distance of the Lakes and at peak holiday times the roads can almost reach standstill.

With a little ingenuity, though, it is still possible to enjoy the beauty and quiet of this national park. Luckily, most visitors are restricted in their movements by a metaphorical ball and chain; an invisible thread ties them to their car and forbids them stray more than a few hundred yards.

However, break this thread — the opportunities for doing so in the Lakes are manifold — and you are free. One of the most obvious escape routes is to take to the water. The lakes were used for transportation in the last century when the lakeland roads were still little more than tracks, and a collection of the beautifully designed and carefully fashioned steam launches that once plied these waters is on display at the Windermere Steamboat Museum, in Windermere. Try to go early to avoid the crowds but don't miss it.

Less extravagant craft can still be pleasurable, though, and canoeing and sailing are fun on these lakes. It is possible to visit some of the tiny islands that are dotted about and to explore their birch- and heather-covered rocks. On one I discovered half-a-dozen eggs in a nest of cosy down belonging to a Canada goose, carefully tucked out of sight under low branches. The larger lakes have steamers which can be used as a relaxing form of public transport. Some are particularly stylish, like the *Tern* on Windermere which has bows shaped in the manner of a giant Canadian canoe.

Cruises by the Windermere Iron Steamboat Company, for example, link up with the Lake

side and Haverthwaite Railway, on which steam engines haul coaches along the Leven Valley from the foot of Lake Windermere to Haverthwaite, where locomotives and other railway memorabilia are on display.

I took my lunch down to the River Leven from Haverthwaite, crossing it by a fine stone bridge at Low Wood and turning downstream to follow a bankside footpath. As I lided by the water after my picnic, I was astonished to notice pieces of wood, last seen sweeping past on the current, being pushed upstream. The tide had turned, and on my way back to the train I had to paddle through water which covered the footpath. It was somehow disconcerting to find that these essentially inland bodies of water, surrounded by towering mountains, should be so close to the sea.

In fact, the boundary of the national park runs up the coast and, thus, includes within its protection the excellent nature reserve at Ravenglass. This is an extensive area of dunes with a number of fresh waterpools carefully managed to provide suitable breeding conditions for the rare natterjack toad. Towards the sea, a colony of black-headed gulls nests among emerald nettles which add a patch of richness to the buff and greyer greens of the rabbit-cropped turf elsewhere.

Bring with you a copy of Hugh Falkus' "Nature Detective" which is the key to the writing in the sand — the tightrope-walk of fox tracks, the knuckle-scraping footprints of the carrion crow and the delicate feathery marks left by a passing natterjack. Come early if you can while the tracks are unblurred by breezes or the footprints of people.

The art of escaping the Lake District crowds is to choose little-known places, off-peak times and to abandon the car. Certainly the first two apply to the mountains. There are vast numbers of Lake District hills that are off the beaten track and their summits newly receive visitors. While their names may not have the traditional ring of old faithfuls such as Helvellyn, Greal Gable, Scafell Pike and the Old Man of Conistone, they still amply repay the effort required to reach their tops.

Fringe hills are generally a

good choice and those less than 2,500 feet high, are often not found on the lists of hardened walkers. The name Sentellan may invoke a quizzical frown rather than a smile of recognition from friends when the walk is recounted later, but take comfort from the knowledge that your discovery is likely to remain unvisited as a result. It is possible, of course, to walk rather than drive to places of interest and somehow the act of leaving the car behind is a very liberating one.

I walked from the station at Windermere to Brockhole National Park Centre on the side of the lake along a route easily identified from a one-inch scale Ordnance Survey map. The path climbed up to a wonderful viewpoint above the town before setting off across sheep-nibbled pastures behind Troutbeck Bridge. I crossed Troutbeck itself and laboured up the other side skirting round the toe of the hill before dropping down to Brockhole. The regular boat service along the Lake returned me to my starting point.

Some walks though, do not need to go anywhere to be a pleasure and, one spring morning, I strolled along the disused railway line to the east of Keswick. Delicate leaves were emerging on the trees giving a green shimmer to the air. Chiffchaffs and willow warblers were calling and for some time I watched a pied flycatcher. The river, which chuckled away below, was perfect for otters, and a white-bibbed dipper bobbed from stone to stone. Suddenly I met the road and a long line of snarling traffic rushing to get where everyone else was going. I turned back, safe in the knowledge that I was where I wanted to be and no one else had discovered it.

It was 20 years ago that Bill Grant, chief forester at Grizedale until he retired in 1982, first thought of the idea of starting a theatre in the forest. He saw some examples in the national parks in America and remembered an old barn at Grizedale. The idea took wing when his wife heard the director of Northern Arts talking about bringing art into the countryside.

"It wasn't long before the whole committee came up here," says Bill, a short, lively Scot.



Tranquillity in Ullswater, Cumbria

Down in the forest . . .

"IT RATHER surprises me that anyone should ever want to come to the Theatre in the Forest," said Bill Grant, half-jokingly. "We don't have a very good road system, it's appallingly signposted, there's no public transport and in the winter we have mist, snow, ice and fog."

But, last year 20,000 visitors made their way along winding lanes to this tiny theatre in the heart of Lakeland's Grizedale Forest for the concerts, plays, ballet and natural history talks put on there. Over the years, musicians and actors such as John Lill, John Ogdon, Flora Robson, Tamara Vassary and the Amadeus Quartet have popped up there.

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"It wasn't long before the whole committee came up here," says Bill, a short, lively Scot.

They didn't give us any money, but they did give us a lot of advice."

He chose a small working committee: a builder, carpenter and joiner. Architects? "No, no. You mustn't have architects. The price goes through the roof, and their plans are so cold." Working through many nights they converted the barn with their own hands, working things out as they went along.

Taking another art form back to the heart of things is the idea behind the "Sculpture in the Forest" project on the theatre's own doorstep, an idea thought up ten years ago by Peter Davies, visual arts officer for Northern Arts. Today, Grizedale has the largest collection of sculpture-in-the-landscape in Europe with about 70 major works. Most are sited around the Silurian way — you can follow the well-marked circular route (1½ to nine miles long) on foot or on bicycles that can be hired. There is also a back-side path suitable for wheelchairs.

The forest itself covers 9,000 acres between Windermere and Conistone Water, two miles south of Hawkshead, and was named the Valley of the Wild Pig by the Norse. There are no pigs today, but if you get up early enough (say 6am) you will see deer.

The whole Grizedale area bulges with interesting places. At Brantwood, on the shores of Conistone Water — the house that John Ruskin bought unseen for £1,500 and lived in from 1872 to 1900 — women now make Ruskin lace (he brought the design back from Greece) in the beautiful drawing room where his paint-

ings hang and his shell cabinets are just where he left them.

For pure pleasure, take a trip on the Victorian steam yacht *Gondola* which is now furnished very much as it originally was, in the style of Queen Victoria's railway carriage. It was first launched in 1859 but fell into disrepair in 1937 and languished until the 1970s when the National Trust thought it worth saving and restored it. It now takes 86 passengers in its upholstered saloons and glides almost soundlessly over the lake between March and October with three stops, one of which is at Brantwood itself.

You learn some unexpected things going round gardens. The gardener at Graythwaite Hall and Newby Bridge, the home of the Sandys family, eats 20 eggs and 16 chickens a week. Whether this is because he is doing the work of seven men (the number of gardeners that used to be there when Miles Sandys, the present owner, first came as a boy) is not really clear.

There used to be 40 employees at Stott Park Bobbin Mill at Finsthwaite, Newby Bridge, in the mill's heyday in the 1890s. Today Jim Dixon shows you around, but he's probably worth 40 when it comes to recasting life in the mill for he was a bobbin maker almost all his working life. Bobbins, 90-yds, skipping rope handles and pepper pots were all made in this mill. It was built in 1835 and only closed in 1971 when it was saved from being flattened and turned into a caravan site by the Department

of the Environment slapping a restriction order on it. Now, on a guided tour, Jim Dixon shows you the original machinery and sets it working.

Cumbria today is very much aware of the good food on its doorstep. Five hundred yards up the road from the Theatre in the Forest is the Grizedale Lodge Hotel where Margaret Lamb, who had her own cookery series on Border Television, specialises in traditional food and uses much local produce: Flookburgh fish from Morecambe Bay, De-westwater duckling, Grizedale venison with black cherry sauce; you can lunch as we did on the hotel balcony overlooking the wooded valley.

At 17th century Field Head House near Hawkshead, Bob van Gulik's superb cooking has in two years propelled the hotel into several guide books. Our five-course evening meal for £150 included Esthwaite trout with grapes and walnuts; the vegetables were all home grown.

At Townson Ground, Ken and Barbara Nelson offer comfortable rooms in their 400-year-old farmhouse with a particularly excellent breakfast: Cumberland sausage, egg and bacon, mushrooms and tomatoes. Bed and Breakfast costs £10 plus VAT.

Information: The Theatre in the Forest, Grizedale, Hawkshead, Ambleside, Cumbria. Tel 023-944-291. Cycle hire from Lakeland Leisure, The Chalet, Station Precht, Windermere, Cumbria. Tel John or Tina on 0662-4782.

'Little' extras

BRIEFING

AS IF WAITING for hours in cramped conditions at British airports was not enough, many irritated motorists are having to pay surcharges to see a motorist, even if many of these are little more than annoyances.

The operators include Thomson, Inteman, and Horizon. The top three package tours, companies which account for almost half the holiday market between them. Yet, even they have differences.

One office colleague, for example, has just been asked to pay 85p extra for an Easter holiday to Alicante, Spain, in September. But Inteman is not at present exchanging Alicante holidays.

"It's crazy to ask customers to pay such small surcharges," says Vic Fatah, managing director of Redwings Holidays which trades under several brand names including Summer, Go Greek, Screen, and Easter. Redwing is the fourth-largest British operator.

Horizon's explanation for surcharging on some of its holidays is that there are several factors to take into account including aviation fuel prices and exchange rates. "They are all legitimate costs," a spokesman insists.

The operators have not themselves into a muddle on the issue ever since Sir Gordon Borrie, director-general of the Office of Fair Trading, accused them earlier this year of "ripping off" holidaymakers by imposing surcharges of a size when aviation fuel prices were falling.

Although a subsequent OFT investigation failed to find any hard evidence of unfair surcharges, the Government stopped in last month and forced the operators (through the Association of British Travel Agents) to accept a new deal. From August 1, the operators themselves will pay the first 2 per cent of any unexpected cost rises. On a £250 holiday, this would mean paying the first £5. Customers confronted with surcharges of 10 per cent or more could cancel their holiday without penalty. However, prices are expected to rise across the board by at least 2 per cent to pay for Antigua, Barbuda, the Bahamas and Jamaica have joined Cyprus, Hong Kong and Yugoslavia in agreeing to accept British Visitors' Passports as the equivalent of full passports until the start of September.

The reason for the concession is the delay being faced by many UK holidaymakers in renewing or getting a full passport.

David Churchill

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2 ONLY REMAINING

Motoring: Stuart Marshall describes new cars. . . and new tyres

Fiat's middle-range challenger

WHEN THE new Fiat Tipo reaches British showrooms next week it will make some well established lower-middle-class cars look a bit pricey as well as long in the tooth. The 1.4 litre base model costs £7,150, which undercuts an equivalent five-door, 1.3 litre VW Golf by almost £300. Moving up-range, a 1.6 litre Tipo DGT with electric front windows, central locking and adjustable steering column costs £8,050 in 1988 less than a 1.6 litre Escort and over £300 cheaper than a 1.6 litre Golf.

Fiat Auto UK plans to sell up to 6,500 Tijos in Britain before the end of the year. Then it will have Renault breathing down its neck with the new 19. First official details of the 19 describe it as a class leader for its special engine design, equipment and road behaviour.

There will be two bodies (three-door and five-door), five engines, of which three are completely new, and four equipment levels. The engines range from a 55 horsepower 1.3 litre to a 140 horsepower 1.753 cc with 16 valves which will be offered later on. One of the new power units is an 80 horsepower "Energy" petrol engine of 1.4 litres capacity designed to run on leadfree Euro-super (95 octane) fuel.

Initially, Renault 19s will have only manual gearboxes — five-speeders in all but the cheapest ones and the diesel versions have a new 1,870 cc, 65 horsepower engine. Aerodynamics are claimed to be the best in class. Interior space is said to compare with that of a car one size up. Equipment options include, unusually for a car of this size and price brackets, ABS brakes, air conditioning and a trip computer.

Under the sheet metal the 19 seems pretty conventional, with a transverse engine and torsion beam rear suspension. There is no radiator grille in the bonnet; just plastic air intake slots in the deep bumper. Prices, which are bound to be competitive with those of cars like the Tipo, Golf, Opel Kadett, Peugeot 309 and Escort, will be announced when the 19 goes on sale in September. For the present, the 19 does not replace the bootered Renault 9 and the 11 hatchback, though it can only be a matter of time before it does.

And how does the 19 go? Ask me again in a couple of weeks when I have tried it.

By the spring of 1989 Britons will also be able to buy the new Volvo 460 saloon which is being launched in some European markets before the end of this year. Though a close relative of the elegant little Volvo 460 ES two-plus-two coupé, the front-wheel-driven, Renault-engined 460 family five-door looks more like a proper Swedish Volvo than one built by its Dutch subsidiary.

In appearance, it could be described as a six-reduced and slimmer 760 and the styling has already been criticised as rather middle aged. Perhaps it is, but I doubt that this will reduce its appeal to typical Volvo owners. They, of all people, cannot be said to buy primarily on looks.

And the loyal band of Volvo 300 series owners — over 40,000 were sold here last year — can take comfort. The new 460 is not a replacement for their car. Like the 240, which still survives five years after its 760 replacement arrived, the 300 will remain in production for a long time to come.



Renault's new 19, due here in the new year

All-year wear

dry or wet roads, a winter tyre on snowy ones. Now it is. Goodyear has been making an all-year-round tyre called Vector in Germany and selling it there to motorists who resent the twice annual changeover. Now it is also being produced and sold in Britain.

Last week I tried Vector in bright sunshine and then pouring rain on Goodyear's proving ground in Luxembourg. Obviously, some compromises have to be made when creating a tyre to do two different jobs. But I thought the Vector was surprisingly quiet at high speeds, that it steered with precision and gripped hard when cornered brutally.

ADAC, the German equivalent of the Automobile Association, speaks well of its winter performance. A real all-year tyre with mud and snow approval, its testers said. Although it cannot keep up with the front runners... on wet and dry roads, it leaves the competition standing on snow and ice.

The boldly patterned Vector steel belted radial costs about 15 per cent more than a comparable summer tyre. It should give the same mileage and ride comfort is not affected.

Although in the US a high proportion of new cars are factory fitted with all-season tyres like Vector, few are delivered on them in Europe. Among a few excep-

tions are the least powerful Audi quattro models. They sell in mountainous areas to people who must keep going at all times.

Who could benefit from a tyre for all seasons? Obviously, motorists living in areas getting more than their fair share of snow. But Vector could also be ideal for the growing number of people who drive to a ski resort each winter. Having a special set of mud and snow tyres just for one long winter journey would be an extravagance; a set of Vector that would serve them well all year round would make sense.

In the moment, they are only available for family type cars with a maximum speed of up to 118 mph/190 kmh. Goodyear says that H-rated Vector for cars capable of up to 130 mph/210 kmh will be on the market soon.

S.M.

July 10/11

DIVERSIONS

The safety of our lives is increasingly entrusted to electronic logic, says Christian Tyler. But what happens when computers get it wrong?

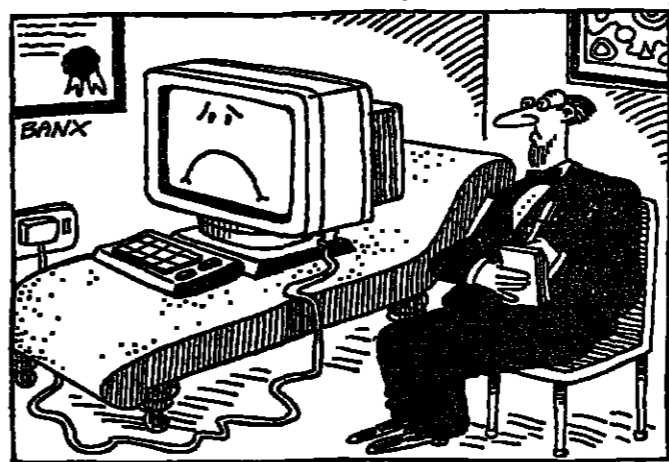
Faith, hope and fallibility

WAS IT the man or was it the computer that erred? The question hangs this weekend over two men whose professional skills put them in charge of highly sophisticated electronic equipment.

Fire, floods, and other hazards can devastate a company's business. But protection can double the cost of a system, and only the most vulnerable will pay for it.

When something goes wrong with the software of a commercial company's system, there may not be time to do anything but patch it up, he explained. But a minor operation on one part of the system can disrupt the logic of other parts.

writing of programs is itself being computerised, and most computer failures can today be remedied by long range diagnosis over a terminal IBM, for example, has terminals round the world with which it can keep an eye on its customers' problems.



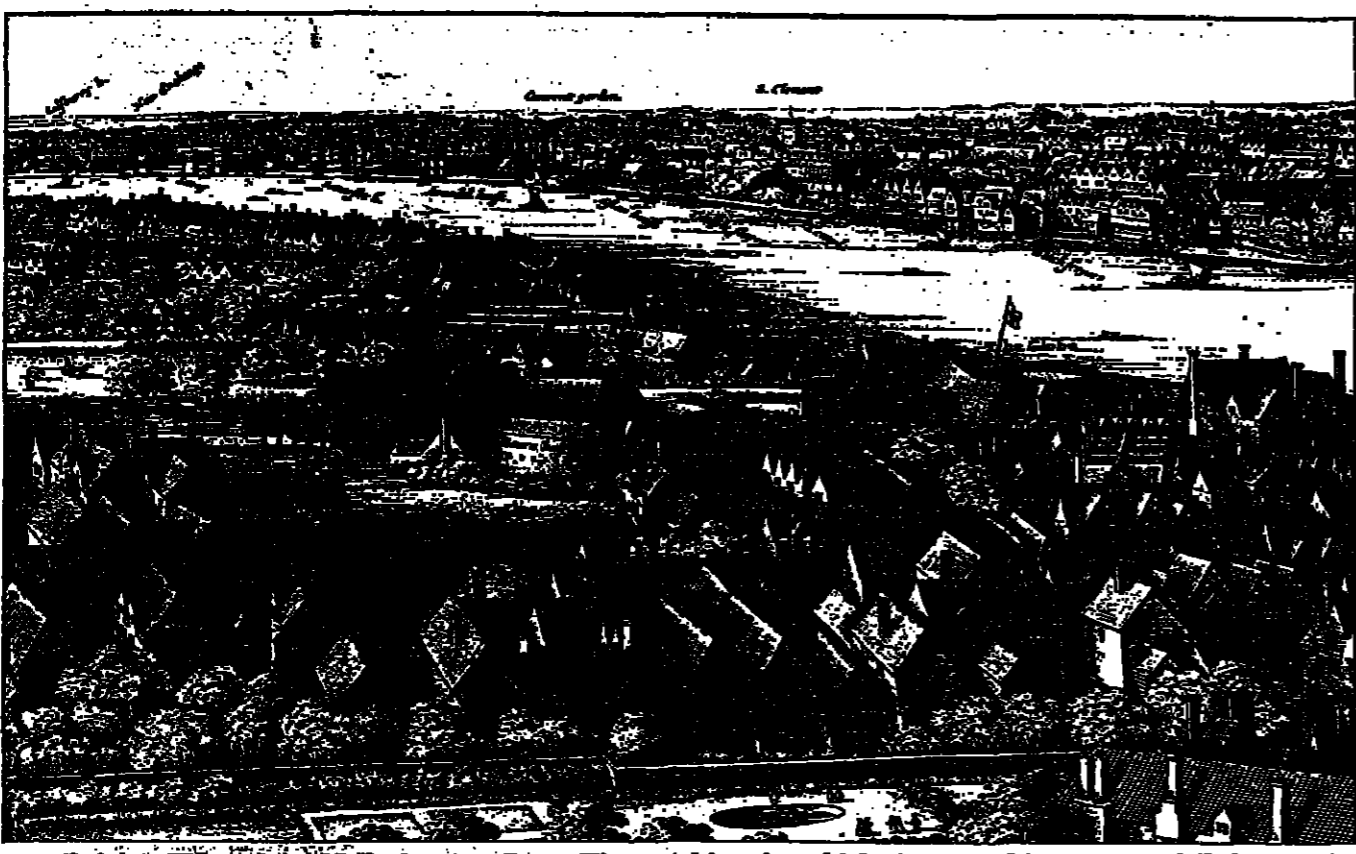
Los Angeles Times guards against earthquake by running five of them; but Britain's national dailies are mostly still without emergency arrangements.

updates the "maps" that describe it, the computer surgeon is almost certain to muddy the original tracks.

After about ten years, according to Terry O'Connell, a director of BIS Applied Systems, a system becomes "virtually unmanageable". It starts to look like "a great big ball of spaghetti".

In commercial life, the consequences of a computer failure may be spectacularly inconvenient, but are unlikely to be fatal.

Should we trust computers? Giving the annual British Computer Society lecture this week, Martyn Thomas, chairman of Praxis Systems, answered his own question thus:



Detail from Wenceslaus Hollar's 1647 Long View etching in which, because his memory failed him, he transposed the names of the Globe - which was not actually on the riverbank - and the nearby Bear Garden

Archaeology/Simon Tait

The search for Shakespeare

THERE IS such a wealth of archaeological in the few square miles of Southwark, on the south bank of the Thames opposite the City of London, that there is a log jam and a serious shortage of experts to do the work.

most location of the Globe. This month, the new owner of the site, Hanson Properties, will house a detailed proposal for a dig to start in the autumn at the point identified by scholars as the most likely to be where the bank did his most important work.

and John Orrell's 1983 book, "The Quest for Shakespeare's Globe." For many years, the Courage brewery covered the area and there was no opportunity to test the theory.

For community use as well. It would be an important adjunct to the Bankside development where we can't go into great detail about the architecture of the original building.

IT IS just possible - ignoring boring details such as inflation and currency movements - that Sotheby's will set an auction record for tribal art on Monday when it offers for sale the head of a staff god from Benin in the South Pacific.

Saleroom/Antony Thorncroft

Signs ahead of a tribal revival

collections appeared in the saleroom and there were buyers - four of them - prepared to pay \$100,000 and more for rare and choice items.

wood carvings at least, rarely survived for more than 60 years in their natural habitat, so the items plundered in the late 19th and early 20th century when the continent was opened up cannot claim a long history.

The rot sets in at Lincoln

WITH PURITANICAL frenzy, the monuments of the 16th and 17th centuries descended on English cathedrals and smashed stained glass and tombs, statues and shrines, seeing them as nothing but images of superstition.

ing materials. Results are not expected until 1991, but a decision on the sculptures has to be taken long before then.

ever-increasing pace in recent years. "On fast-diminishing evidence, more detailed knowledge is beginning to emerge about an aspect of medieval sculpture which has been hitherto ignored or misunderstood."



penetrate about 50mm-60mm into the stone and to deposit silica in its web of crystals, hardening it and making it resistant to moisture.

SOOTHEBY'S FOUNDED 1711. Buying British Paintings? Sotheby's sales of British Paintings and Watercolours on the 13th and 14th July include over 400 pictures, dated between 1600 and 1900, with estimates ranging from as little as £1,000.

VENTE AUX ENCHERES PUBLIQUES. HIGHLY IMPORTANT JEWELS. Public showing: Monday 18th July from 11 am to 6 pm - Tuesday 19th July from 11 am to 12 noon (locked display cases) - HOTEL DES VENTES: 9 RUE DROUOT 75009 PARIS.

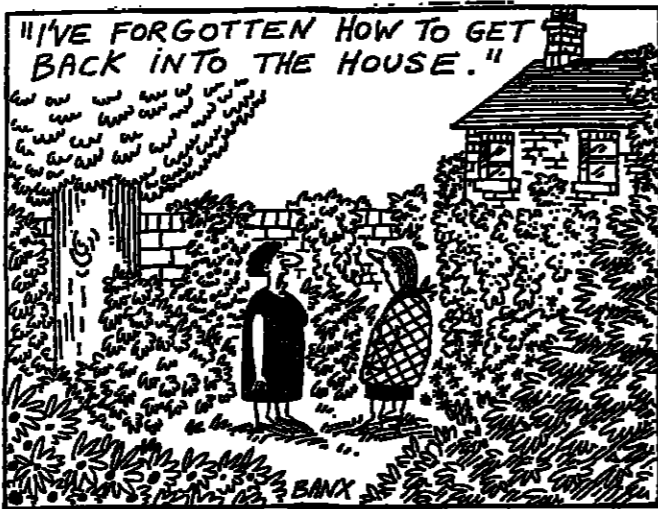
DIVERSIONS

Gardening

Coming with a late run

Robin Lane Fox on plants to replace the fading beauties of early summer

WE ARE JUST reaching the time of year when I look for plants which put on a late spurt. They are invaluable, and people who think that gardening peaks with the old-fashioned roses have not woken up to the possibilities. They will run through the remains of fading beauties of early June. They add fresh beauty to ageing borders. There are no remarkably useful or drain covers, the lower reaches of fire escapes and those little eyesores which come with the title deeds.



ward, a milk-lavender colour in the shape of a crossed letter 'E'. They appear in hundreds and, if you insist on the earlier Praecox form and actually get it, they start to appear this month, not in late September. Bressingham Nurseries of Diss, Norfolk, is stocking it now and it ought to be available next year in the main garden centres which it supplies.

Love finally blossoms

After years of spurning marguerites Arthur Hellyer now sees their qualities



THE OLD-FASHIONED marguerite was not high on my list of desirable plants until recently when I visited the garden of the Seigneurie on the little Channel Island of Sark.

and more on those kinds that can be increased more cheaply and speedily by seed. The introduction of a good yellow marguerite, Jamaica Primrose, did a little to revive the marguerite's fortunes but the introduction of other improved varieties largely went unnoticed.

the double whites with the shasta daisies, Esther Reed. As so often happens, when one gets into it in something new, I walked into more marguerites last week, when I visited the beautifully composed garden of the Old Rectory at Burghfield, Berks. Here they were growing mainly in containers of one kind and another, large terracotta pots, all baba jars, a wooden Versailles tub, and a couple of modern resin-bronze containers, one resembling copper, the other lead. In these was what looked much like the double white marguerite I had admired in Sark, labelled Edelweiss, and also a single deep rose variety, labelled Rollison's Red (I suspect that it should be spelled Rollison), which was not the single pink I had seen in the Seigneurie garden. This one had much larger flowers but not so many of them, and the colour was also different. Mary Wootton was there, and Vancouver. There was also Chelsea Girl, with semi-double white flowers.

Mike Strutt goes boating in some dashing reminders of another age

On stream with steam

MESSING ABOUT in boats has a special meaning for the enthusiasts who spend their weekends travelling by a traditional form of propulsion - steam power. From modest dinghies to elegant 20-30ft river launches and imposing Victorian steam yachts, their craft are a dashing reminder of another age.

The passenger launches include dozens that were built new in the 1890s and still are used as family cruisers on rivers and canals. Many have evocative names that conjure pictures of holiday summer days in bygone times. Columbine, Firefly, Silver Rose, Miranda, Sandpiper, Amethyst.



Ed Langley and the Valkyrie, restored for £35,000

A surprising number of people from many occupations are steam buffs. The Steam Boat Association of Great Britain has more than 650 members in the UK alone, with 130 more as far away as the United States, Hong Kong and Australia.

RED AND WHITE Bulgarian wines have in recent years achieved success in British high street stores and are represented on most of the more traditional lists, too. Unlike the Spaniards with their own Rioja, the Bulgarians have succeeded mainly by adopting Western grape varieties - such as Cabernet, Merlot, Chardonnay and Riesling - producing them soundly and selling the results to the West at very favourable prices.

Wine/Edmund Penning-Rowse Eastern promise wins over West

International production list and in the past 10 years has reduced its area under vines from 200,000 ha to 170,000 owing to a cut in the area of table grape output. Production is planned to remain at this level but there will be more planting of Sauvignon, Traminer, Aligote and Pinot Noir, basically French grapes with the exception of the widely Alsace-grown Traminer. Bulgaria also has followed the West by passing a strict wine law 10 years ago and starting a classification system in 1968.

builds the boats and engines commercially at his West Sussex engineering works, is as likely to be found in a steamboat of the south coast as well as on the sedate waters of the Thames. He tells of once heading alone out of the Brighton marina to travel along the coast, only to find the waves were a full 10ft high.

"The boat could go easily because it was very seaworthy," he recalls, "but I realised that I couldn't steer and feed the boiler in those conditions so it was wiser to turn back." Recently, Langley finished the total restoration for a customer of the Valkyrie, a 30ft launch built in 1888 as a yacht's lifeboat. Sixty years ago, it was fitted with a petrol engine and turned into a cabin cruiser - a common fate. Now, the boat is back in its original condition, at a cost of £35,000.

Ed Langley and the Valkyrie, restored for £35,000



Oh for a hero!

THE PHONE call warning me to be ready came in the dead of night in the Pakistan town of Quetta. I had booked a trip into Afghanistan with "Resistance Tours Limited," one of seven Peshawar-based party organisations to offer the ultimate war zone trekking trips for journalists, soldiers of fortune, and public schoolboys eager for adventure.

After travelling all day, we reached our guest-house, a mud-baked fort piled high with Kalashnikovs and Stingers, used as a staging post from which commanders deep inside Afghanistan receive reinforcements. We soon got into the spirit of things, dribbling greasy goat stew as we struggled to remember which hand one is supposed to eat with.

Food for Thought

All Greek to me

taste (sour, rank and not forgotten easily), and the original Greek yogurt, the story of which I sing today. Given the marketing brains available in Britain and France, and the dauntingly complicated EC rules about dairy products, it is a strange story - and, of course, romantic in its David and Goliath way.

One bizarre feature of its success is that Greek farmers can no longer supply their own material, so sheep's milk is imported from the Arvego. And it is not made by withered old shepherds on Attic hillsides, but in the biggest yogurt factory in Europe, just outside Athens.

When the road ran out, I was given a donkey. I have never got on with donkeys since one bit me at an early age at a circus. This particular one was laden with Kalashnikovs, rocket launchers and mortars, and so was hardly a comfortable ride. Finally, somewhat bruised, we reached the next staging post.

We were supposed to leave the next morning at 6 am. At 8.15, I awoke to find myself surrounded by still-sleeping Muj, who did not want to move. All sorts of excuses were proffered - the route was raised, they were tired, and finally, incredibly, that they might get hurt. Finally, I insisted we leave. Grudgingly, we were taken up a few hills from where, with the aid of high-powered binoculars, I could just make out Spinboldak, where a few guerrillas were firing on a tank.

Back at base, more journalists had arrived. There was even a television camera, but guerrillas felt compelled to lay something on. We were taken to a launch pad where they shot several rockets after throwing a pen knife to cut off the end of the detonator. We all took pictures and looked suitably impressed and the television reporter did a dramatic piece to camera.

I returned to Quetta, relieved to have suffered nothing worse than a sunburn nose, but knowing I had seen little of the real war where heroes - not media stars - are made.

Peter Fort

Christina Lamb

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• DIVERSIONS •

Summer sun raises a burning issue for skin

THE fashionable colour for the summer used to be a crisply turned toast. From the Coctas to the Med, from the West Coast of California to the surf of Sydney, brown stood for health, wealth and fun. Today we know better. A tan is the skin's cry for help, a precursor of wrinkles, brown spots, dryness and all the other ills that aging skin is prone to. Too much sun does more damage to the skin than almost all the rest of living. If all this sounds depressingly negative, let me give you the good news. These days there isn't a cosmetic company around that doesn't produce excellent sun-care products so that even the palest of standards can safely go out in the midday sun.

Those with really delicate skins and those who believe in no tanning at all should go for total sunblock creams. Good ones are La Prairie's sheer version (so light you still look bare-skinned), Estée Lauder's Total Sunblock or her Anti-Wrinkle Suncream which, as its name implies, has an anti-wrinkle ingredient added for good measure.

Anybody who has ever tried to buy sunblock creams will discover that there is no standardisation of the sunblock factors - some (like Shiseido's Sun Block Stick) claim a sun protection factor of 25, while Estée Lauder claims that its SPF 15 is also a complete sunblocking cream. Until an international standardised numbering system is agreed the best advice I can offer is that the higher the SPF factor the better, and certainly nothing under SPF 15 should be considered for babies, or for pale or delicate skins.

If you are going to do lots of swimming remember to reapply the creams regularly and try and go for water-resistant versions like Ambre Solaire's Invisible Sun Block or Elizabeth Arden's Superblock Cream with an SPF factor of 34.

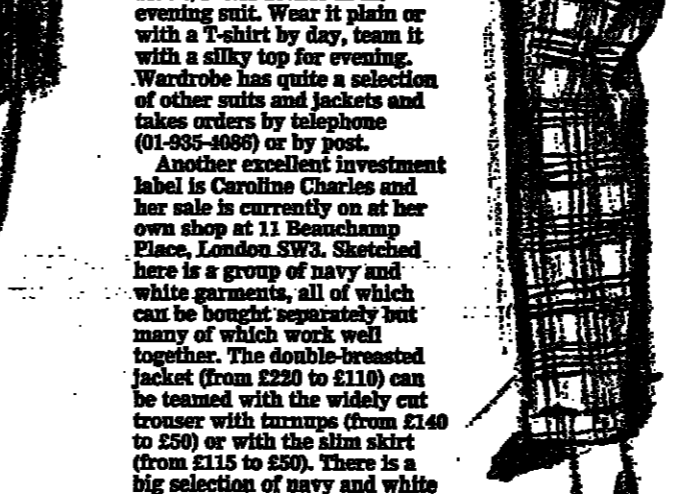
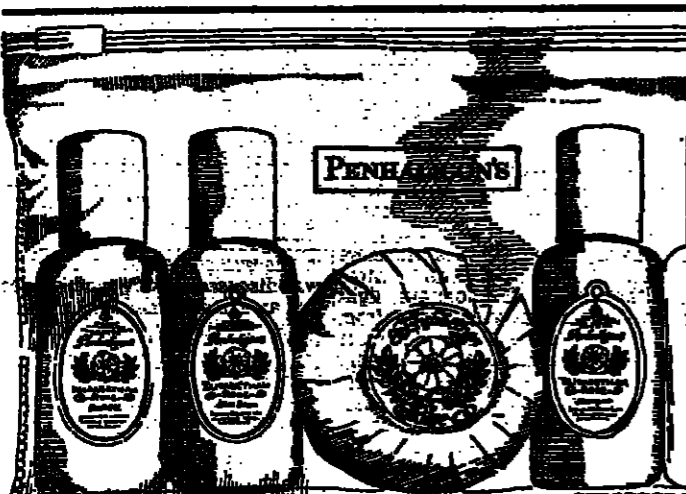
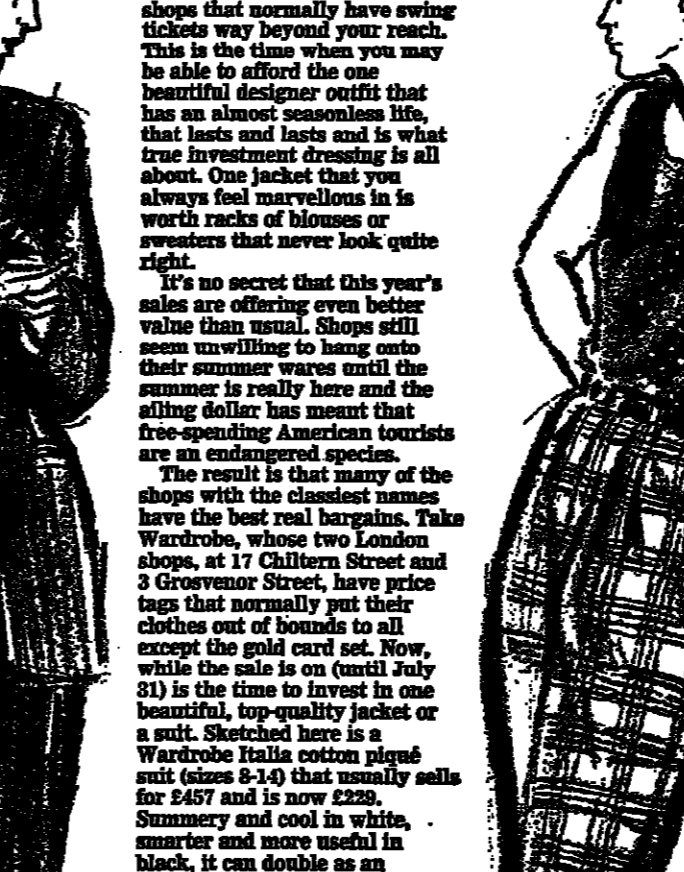
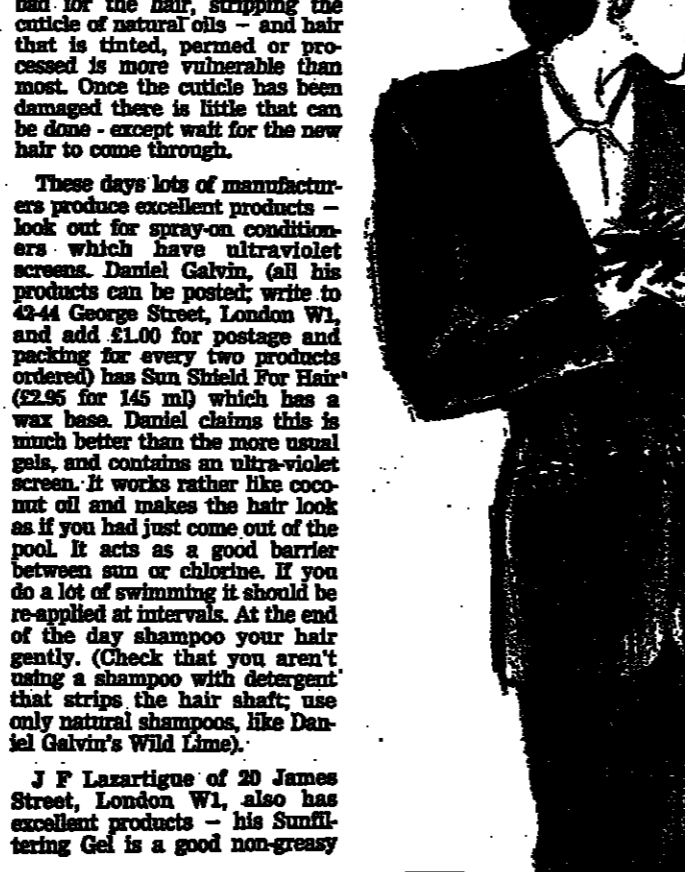
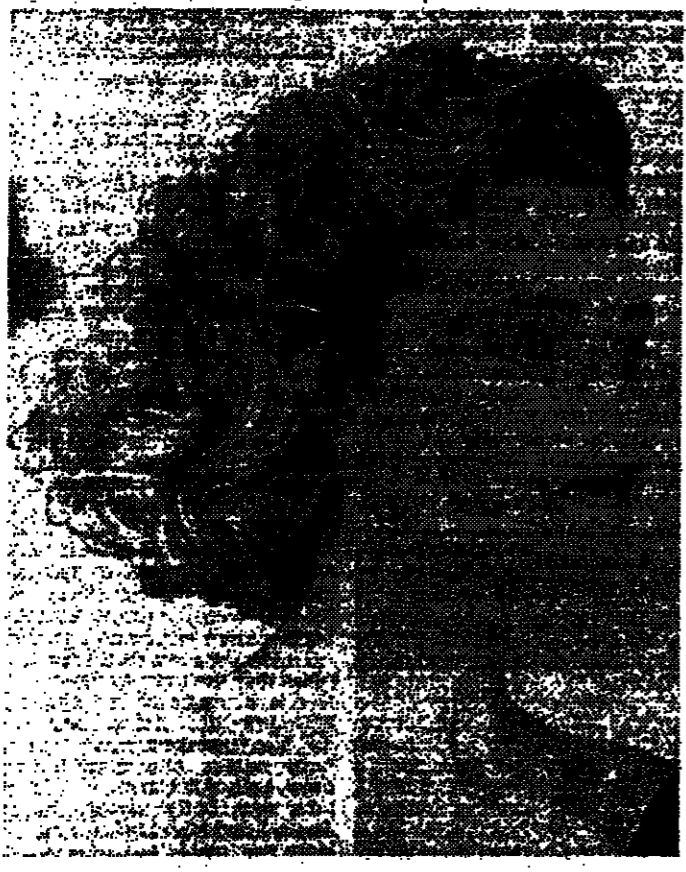
While the sheafs of alarming statistics about ageing, melanoma and skin cancer mean that few would dream of setting out in the sun without proper skin protection, not everybody has got the message that if you want shining, healthy tresses then you'd better start protecting your hair as well.

Sun, salt and chlorine are all bad for the hair, stripping the cuticle of natural oils - and hair that is tinted, permed or processed is more vulnerable than most. Once the cuticle has been damaged there is little that can be done - except wait for the new hair to come through.

These days lots of manufacturers produce excellent products - look out for spray-on conditioners which have ultraviolet screens. Daniel Galvin, (all his products can be posted; write to 42-44 George Street, London W1, and add £1.00 for postage and packing for every two products ordered) has Sun Shield For Hair (£2.95 for 145 ml) which has a wax base. Daniel claims this is much better than the more usual gels, and contains an ultra-violet screen. It works rather like coconut oil and makes the hair look as if you had just come out of the pool. It acts as a good barrier between sun or chlorine. If you do a lot of swimming it should be re-applied at intervals. At the end of the day shampoo your hair gently. (Check that you aren't using a shampoo with detergent that strips the hair shaft; use only natural shampoos, like Daniel Galvin's Wild Lime).

J F Lazartigue of 20 James Street, London W1, also has excellent products - his Sunfiltering Gel is a good non-greasy protector and his After Swimming Lotion deals with salt, chlorine and leaves the hair soft and easy to manage.

If you really feel your hair needs a lift, try some of the new protein treatments on the market. Again Daniel Galvin has a good one for badly damaged hair. If you use it regularly it really will help put moisture back into the cuticle. Simple to use, you simply leave it on for 30 minutes, then rinse very thoroughly - £2.10 for a small tube.



Penhaligon has put together this charming little transparent envelope containing tiny amounts of basic products (soap, shampoo, bath oil, skin balm or after shave balm) in small plastic bottles, plus one empty bottle to hold whatever else you choose. Small, light, easy to pack. £12.50 from Penhaligon shops

FOREST School Camps is worried that some readers who read the news on FSC a couple of weeks ago in the Weekend FT may be a little confused by the mistaken reference to mentally ill children at the camp. This should, of course, have read "mentally handicapped children."

They ask, therefore, to point out that though FSC provides an experience of camping and community living to a number of physically, mentally and socially handicapped children, it does not aim to take those who are mentally ill or emotionally disturbed. We hope this makes their position clear

Lucia van der Post
HOW TO SPEND IT

Forest School Camps

Cookery/Philippa Davenport

Flavoursome chickens rule the roost

SALES OF chicken are booming. Frozen birds, loaded with water and often tasting curiously baby, no longer rule the roost. Chilled fresh is now the norm. Most of it is pretty ordinary; the birds are grown too fast to develop any real chicken flavour. But increasingly it is possible to buy chicken that tastes more like chicken should. Corn-fed, pasture-reared and free-range birds that are well-bred, well-fed and living longer can all be good. Best of all is a free-range chicken that has been properly hung after slaughter.

Real chicken such as this deserves to be cooked and served with dashing simplicity. Roast it with plenty of butter for an old-fashioned treat that is full of good flavour and rich on nostalgia, or make it into a pie. For a fashionably fatless approach, grill, poach or steam the bird and serve it with the lightest of sauces - a very thin, fresh vegetable puree perhaps, or some satiny chicken broth simply thickened by the addition of a handful of fresh-chopped herbs just before serving.

Both the recipes that follow are delicately flavoured ways to show off really good chicken. However, delicacy of flavour apart, the dishes are very different. The cold chicken pie is decidedly rich, with its fragrant and creamy filling encased in crackling filo pastry. I rate it a distinguished choice for a cold supper party or picnic. The second recipe is very pure and light, and agreeably quick and easy to cook.

FILLO CHICKEN PIE WITH HERBS
(serves eight)
A plump chicken weighing 3 to 4 lbs when "oven-ready"; a slice of onion and lemon, a bay leaf and peppercorns for the stock pot; 2 oz chopped parsley; two tablespoons chopped lemon thyme (or ordinary thyme plus the finely grated zest of a lemon); 4 oz chopped spring onions; one pint double cream; about one packet of filo pastry; melted butter for brushing the pastry.

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I find it convenient to cook the chicken and to make the stock a day ahead. Whatever way you organise the workload, the important thing to remember is that the pie must be served on the day it is baked or the deliciously delicate flavour of the filling will be dissipated and the pastry will sop up most of the moisture.

Fit the bird in a pan into which it fits snugly. Pour on enough hot water to immerse the thighs. Add a few flavourings, cover tightly and poach at bare simmer for about one hour or until the chicken is tender.

Remove the chicken to a plate, cover it with an upturned bowl and cool for about one hour. Then skin and bone it. Wrap the flesh to keep it succulent, and return the skin and bones to the pan. Simmer, strain, de-grease and reduce as necessary, so you end up with a pint of magnificently rich stock.

Save half the stock for some other treat. Put the rest back into the pan. Add the spring onions and simmer for a few minutes to soften them slightly.

Add the herbs, cover and set aside to infuse for ten minutes. Then stir in the cream and sea-

son lavishly with salt and pepper. When the sauce is almost cold, add the chunks of cooked chicken meat and stir gently to coat evenly.

Assemble the pie in a lasagne dish, or some other baking or gratin dish, which is about eight or nine inches square and one or two inches deep.

Brush the inside of the dish with melted butter and line it with three layers of buttered filo pastry, trimming each sheet so it overlaps the rim a little.

Spoon in the filling and fold the ends of the pastry over it. Cover with six or eight more layers of filo, again brushing each one with melted butter and cutting it to size. Tuck in the sides of each pastry sheet before adding the next, to make a neat parcel.

Brush the top of the pie with more melted butter - you will probably need about 4 oz of butter in all. Score lightly in a diamond pattern and sprinkle with drops of cold water to stop curling during cooking.

Bake on a pre-heated baking-sheet at 375°F (190°C) Gas Mark 5 for about 45 minutes until the pastry is golden and crisp. Let the pie cool before eating. It is best served as soon as it is cold, about two or three hours after it has emerged from the oven.

CHICKEN WITH CHIFFONADE OF LETTUCE
(serves three to four)
Packets of admittedly bland run-of-the-mill supermarket chicken portions are a godsend to busy cooks. For my money, they are the sensible choice for such things as robustly flavoured casseroles, devils, satays and tikka. But for a delicate, summery dish like this one it is worth buying the very best. The breasts of two birds are needed here. I save the other joints for grilling in the Greek manner - rubbed with lemon, olive oil, thyme and oregano.

Four small chicken breasts, skinned but only partially boned; 8 to 10 oz of crisp (not soft, butterhead) lettuce heart; three to four inches of cucumber;

2 to 3 oz of small fresh sweet peas (or defrosted petit pois); fresh tarragon and a few spring onions; butter and a little oil; about 1 pint good chicken stock.

Season the chicken breasts with salt and pepper and brush them all over with a thin film of oil. Lay them in a steamer basket and sprinkle some chopped fresh tarragon over them. Leave in a cool place for 30 to 60 minutes.

Peel, seed and dice the cucumber. Sprinkle it with a little each of salt, sugar and vinegar and leave for 30 minutes or so to draw out some of the juices. Then drain and dry well.

To cook, place the chicken over the boiling stock, cover and steam for 20 to 25 minutes until tender, succulent and cooked right through.

When the chicken is almost ready, heat a wok and stir-fry briefly the drained and dried cucumber. Add some chopped spring onions and the shredded lettuce and continue stirring and turning for just long enough for the lettuce to become hot and slightly wilted.

Add the peas, generous grindings of salt and pepper and a little tarragon. Mix well and turn the vegetables onto a hot serving dish. Lay the chicken breasts on top.

Quickly put two or three spoonfuls of the well-flavoured stock into the wok. Let it bubble up, then enrich it by adding 1 oz of butter cut into small pieces. As soon as it is melted and blended, spoon the sauce over the chicken and serve.

Finest Herbes is a new company specialising in space-saving, culinary herb gardens. It will deliver direct to any London address terracotta or Cotswold stone window-boxes prettily planted out with the herb plants of your choice. For further information, telephone 01-238-9572.

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Illustrations: Margaret Keedy

FORGET the cheap T-shirts, the sweater with the sequins that is irresistible now that it is only £150 (reduced from £350) and the three-piece suite with the toning fringe. Home in on the shops that normally have saving tickets way beyond your reach. This is the time when you may be able to afford the one beautiful designer outfit that has an almost seasonless life, that lasts and lasts and is worth investment dressing is all about. One jacket that you always feel marvellous in is worth racks of blouses or sweaters that never look quite right.

It's no secret that this year's sales are offering even better value than usual. Shops still seem unwilling to hang onto their summer wares until the summer is really here and the ailing dollar has meant that free-spending American tourists are an endangered species.

The result is that many of the shops with the classiest names have the best real bargains. Take Wardrobe, whose two London shops, at 17 Chiltern Street and 3 Grosvenor Street, have price tags that normally put their clothes out of bounds to all except the gold card set. Now, while the sale is on (until July 31) is the time to invest in one beautiful, top-quality jacket or a suit. Sketched here is a Wardrobe Italia cotton piqué suit (sizes 8-14) that usually sells for £457 and is now £228. Summery and cool in white, smarter and more useful in black, it can double as an evening suit. Wear it plain or with a T-shirt by day, team it with a silky top for evening.

Wardrobe has quite a selection of other suits and jackets and takes orders by telephone (01-935-4086) or by post.

Another excellent investment label is Caroline Charles and her sale is currently on at her own shop at 11 Beaulieu Place, London SW3. Sketched here is a group of navy and white garments, all of which can be bought separately but many of which work well together. The double-breasted jacket (from £220 to £110) can be teamed with the widely cut trouser with tarragon (from £140 to £50) or with the slim skirt (from £115 to £50). There is a big selection of navy and white silk shirts and tops which can be teamed with the skirt or trousers - sketched here is the canisole T-shirt and loose tie (from £35 to £50). Caroline Charles also does mail order.

Rather than trying to repair the damage to your hair after sun, sea and salt have got to it, try and protect it first. Think about a scarf. The Hermès hand-rolled pure silk twill scarf, once almost solely worn by women d'un certain âge and d'un très certain substance, is today newly chic. Everything depends upon how it is worn. Whether old-world and classic like the Queen or insouciant and off-beat like the carefree young, how you tie it is part of the message and when the scarf in question costs £85 a time, it is perhaps worth learning a few new tricks.

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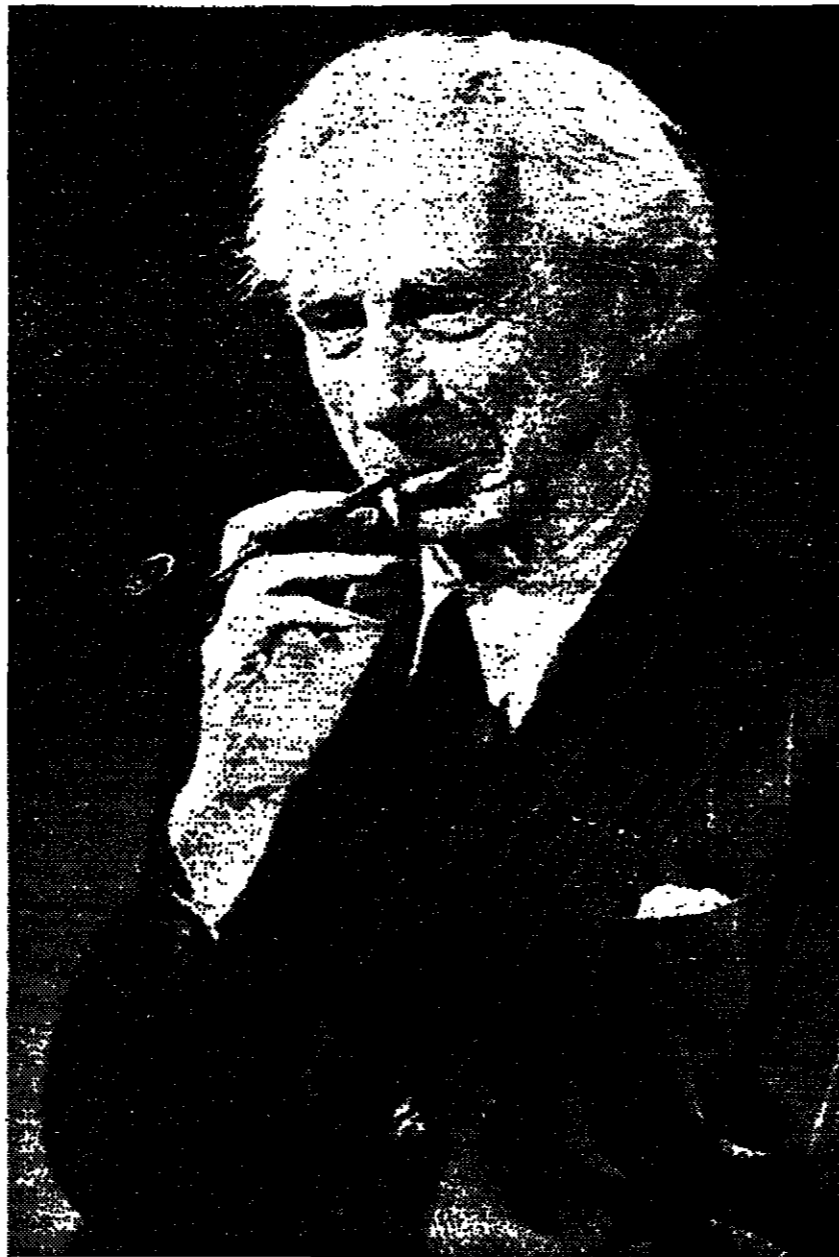
Malcolm Rutherford on the philosopher who quarrelled with almost everyone

Reason on the rampage

BERTRAND RUSSELL: A POLITICAL LIFE
By Alan Ryan. Allen Lane. The Penguin Press. £16.95, 226 pages.

BERTRAND RUSSELL was a man of supreme intelligence who had all the self-confidence arising from having been born into the top of the aristocracy to boot. He also lived to the age of 97. Those three facts help to explain a great deal about him.
Of his intelligence there was no doubt. It was said of his childhood that the only thing that kept him from suicide was that he wanted to learn more about mathematics. His *Principia Mathematica* was published in 1910. He died in 1970.
His grandfather was Lord John Russell, who had been Prime Minister and Foreign Secretary. His godfather was John Stuart Mill, who agreed that accepting such a title did not imply a belief in the deity. His midwife was Elizabeth Garrett Anderson, whose medical studies had been paid for by Russell's mother but who, under the rules of the time, could not practise as a doctor because she was a woman. So Russell belonged firmly to the liberal, aristocratic intelligentsia.
It was a bigger class than that it was later. And that in a way was Russell's undoing. He never really learned to belong to anything else, and probably did not want to. The world changed around him and to some extent with him. There was no point in being a Liberal in the 1930s since the Liberal Party was on its way out. There was not much point either in his belonging to the Labour Party after 1945, since to be an effective member meant becoming embroiled in the Party organisation, and that Russell was not a man of political means and of any large organisation to stay in line for long. He achieved a reputation for inconsistency. One explanation was that he had thought about so many subjects so often that he sometimes forgot what he had concluded in the first place. Another was that he was getting old. He was 78 when the war ended and 85 when he was denouncing the American presence in Vietnam. A third is that the state of the world changed rather more than he did. He resisted the Vietnam war almost as he had resisted the First World War.
Alan Ryan's book is what it says it is: A Political Life. It is about the politics of the man based on a careful reading of all

less well-read. As Alan Ryan remarks, it was never enough for Russell to refute someone's argument; he had to say that they were sadists as well. The aristocratic background did not lend humility.
He was also sheltered. When he was jailed at the end of the First World War, for writing an article calling for an early peace, he was made a first division prisoner. That meant having another prisoner to clean his cell, eating food sent in to the jail and unlimited reading matter. During his six months inside he read 200 books and wrote two.
His personal life did not help his public persona. He was married four times and had numerous affairs. Sometimes he seemed to write books on morality partly to justify his own behaviour. When he was offered a chair at the City University of New York in 1940, the mother of a girl student objected through the courts. Her lawyer described Russell as "lecherous, libidinous, venereal, erotomanic, aphrodisiac, irreverent and narrow-minded." The court ruled in the mother's favour and the university withdrew the appointment. "Narrow-minded," however, seems a bit much.
Russell spent most of the Second World War in the US, making it clear that he was as opposed to Hitler as anyone and indeed publicly denouncing a book that he had written in favour of appeasement in the mid-1930s. When he returned to England shortly before the end of the war, he was surprised to find that he was regarded as a rather respectable figure. He was given the Order of Merit, the Nobel Prize for Literature (he wished it could have been for philosophy) and gave the first - some say the best - Reith Lectures for the BBC.
It did not last. Russell was too intolerant of the state of politics and society. Eventually the Party threw him out altogether.
In fact, for most of his life Russell quarrelled with almost everyone, though not all at the same time. Again that seems to go back to his origins. Because he was so intelligent and had such a fertile mind that ranged over so many subjects, he could be intolerant of those less able and



Bertrand Russell

can presence in Vietnam. A third is that the state of the world changed rather more than he did. He resisted the Vietnam war almost as he had resisted the First World War.
Alan Ryan's book is what it says it is: A Political Life. It is about the politics of the man based on a careful reading of all

Colossus reappraised

FYODOR DOSTOYEVSKY: A WRITERS LIFE.
By Geir Kjetsaa, translated from the Norwegian by Siri Hustvedt and David McDuff. Macmillan. £16.95, 437 pages.
IN READING Dostoyevsky, both as a novelist, and as a journalist in *The Diary of a Writer*, one is frequently astonished by his perception. Here is a brief extract from his novella, *Bobok*:
... declaring other people mentally ill, or that we are very good at here in Russia; yet none of us has yet displayed the power to make people sane."
Dostoyevsky may have been thinking of Chaadaev, who was officially declared insane after publishing his *Philosophical Letters*. In any case, his remark accurately prophesies the practice, which began in Khrushchev's time, of incarcerating political offenders in the dreaded *Psikhushka* or psychiatric clinic.
Because of his profound originality as a seer and thinker, and because of the continuing relevance of many of his reflections on man as a spiritual being, caught up in an endless struggle between good and evil, Dostoyevsky needs to be regularly reassessed. The Norwegian scholar Geir Kjetsaa has now produced just such a reassessment in this thoughtful and perceptive new study, and to go by the bibliography, which runs to 32 pages, he has not only cast a fresh eye on a great number of known sources, but has also uncovered some new ones.
The portrait that emerges is not radically different from the one drawn up in earlier works by such writers as Bertolucci and Vyacheslav Ivanov, and the familiar landmarks are all in place. Dostoyevsky's religious upbringing as the son of a doctor

and minor nobleman, his involvement with the Petrashevsky Circle, his arrest and the fake execution ordered by the Tsar, his convict years in Siberia, his first marriage to the sickly Maria Isayeva, his stormy affairs with Polina Suslova, his bouts of epilepsy, his destructive passion for gambling and his happy second marriage to Anna Grigorievna Shtokina.
Indeed, it was Anna who saved the family, when it returned from four years of self-imposed exile in Germany saddled with debts of 25,000 rubles. She set herself up as her husband's publisher, and a knife, Bergman uncovers the one drawn up in earlier works by such writers as Bertolucci and Vyacheslav Ivanov, and the familiar landmarks are all in place. Dostoyevsky's religious upbringing as the son of a doctor

Fiction

Painter's frame-up

THE TRUTH ABOUT LORIN JONES
By Alison Lurie. Michael Joseph. £11.95, 294 pages.

THIS NEW novel takes us straight into Lurie-land, where ambitious academics and aspiring lovers are meticulously described. Miss Lurie's witty and those of the gladiators, the net and the spear.
The tale is that of Polly Alter, 39-years-old and living in New York; she is researching the life of the beautiful, neglected, but soon-to-be fashionable again painter, Lorin Jones, who died in 1929 at the age of 45. Polly is an indoctrinated feminist, gauche by nature, guileless by principle, and only sometimes nice.
She jettisons her marriage to a kindly man in order to write the biography, and simultaneously flings away her dresses and cosmetics, and trudges chubbily around in blue jeans and sandals.
The book will be an expose of how men exploited the fragile Lorin Jones. "Polly Alter used to think she was a feminist, but she didn't trust them any more, or have very much to do with them."
The subject of Polly's biography was her absolute opposite. Lorin Jones was fine and thin and frail; her long dark glossy hair trailed, and so did her floppy clothes found in thrift shops. She neglected food, but liked to arrange artichoke leaves in patterns which resembled water-lilies or small fish. Her paintings were "semi-abstract" and were compared to Redon. Their descriptions recall the French symbolist painters of the 1890s whose works are being "rediscovered" at the time when Lorin

Jones was painting pictures of nymphs and sprites and Ophelias through a haze of greys and greens and violets.
Polly meets the various "art world" people who fostered or frustrated the talents of Lorin Jones. Some of these interviews are very funny - especially the smug self-defence of an arriviste member of the "shiny set", who tries to buy a place in society by collecting art, and whom Lorin Jones so disliked she tried to cancel her purchase of the painting. I wish Miss Lurie had pursued this theme further; the manipulation of the New York art scene by social-climbers would make excellent material for her vivisection. However, Miss Lurie is not quite conversant with her subject; it is not uncommon for dealers to refuse to sell to unworthy clients - a "reserved" sticker on a picture is the usual deterrent. Nor, alas, would any Manhattan dealer now be excited by a picture worth only \$20,000, the value of a Jones.



Alison Lurie

The secondary theme of the novel is Polly Alter's research for her own sexual identity. In the world depicted by Miss Lurie, heterosexuals seem a vanishing race; those who have survived are quite old now, and the 1950s film. The women are gentle and loving; the men are conceited old roués, counting conquests - typically, Lorin Jones's 73-year-old husband makes a dead set at Polly.
In this shadowy world, Polly decides to experiment with Sapphoism. Her great girlfriend, Jeanne is soft and fluffy and eventually as suffocating as these dolls wearing cirioles which used to smother genteel telepho- Jeanne's butch acquaint-

ances are a terrifying bunch, their philosophy that of cherished resentment of the male sex.
Polly's final researches take her to Florida, where Lorin lived for some years with a failed poet until her early death by pneumonia after nearly drowning. The poet tells her the truth about Lorin Jones, which was simply that she was totally dedicated to her art, and not at all a victim. Thus Polly's feminist thesis becomes meaningless.
In the predictable denouement the poet turns out to be 30 years younger than Polly imagined, and a handsome charmer who falls in love with her at first sight. It is mutual. Polly rapidly forgets her dreams of becoming an art-world personality, elegant in a little black dress, and opts for bobbinet life in the arms of Lorin Jones's last lover.
To me the novel is a little too contrived, both in the theme of drowning, suggested by Ophelia's mummurms which preface the book, and also from the author's games with names and nicknames: Polly, Lolly Alter in search of her alter ego, Lolly Laurier, Lorin Jones. I find Miss Lurie's vocabulary too lurid; her four-letter words bounce around so gratuitously they become ineffectual. The novel is less successful than *Foreign Affairs*, but often very funny, and is as topical as the Telex.



Anita Desai

Exile at home

HAUMGARTNER'S BOMBAY
By Anita Desai. Heinemann. £10.95, 280 pages.

THE CRUMPLED hero of Anita Desai's compelling new novel *Haumgartner's Bombay*, escaped from Nazi Germany. There his dark skin marked him as *der Jude*. In India his fairness, the way he reddens in the sun, makes him always the *firanghi*, the foreigner. Here she is the daughter of a Bengali father and a German mother, Desai captures with unique charm, the state of never being home.
Hugo's story is told in a series of flashbacks from the moment he sees, and is inextricably linked with, a young German hippy. Hugo was born, it seems, not exactly naive but bemused, a timid mother's boy to whom things happen rather than an activist who can take control of his world. He was always a victim, and we sense that he will die alone.
The strength of the book lies first in the hero's situation, and then in the detail depicted of the different lives into which he is propelled, the textures of the places, from the upholstered luxury of his childhood to the pavements of Calcutta and the scent of jasmine and urine.
There have been other accounts of the bewilderment of Jewish children growing up in Germany in the 1930s as their prosperous parents tried to deny the reality of what was engulfing them. It is praise indeed to say that this fictional account is as intense in its way as Charles Hamman's in his autobiography, *A Boy in Your Situation*, which was much praised in these columns by C.P. Snow.



Jane Abdy

Uneasy lies the head that wears...

THE ENCHANTED GLASS: BRITAIN AND ITS MONARCHY
By Tom Nairn. Radius. (Hutchinson) £25.00, 402 pages.
OBLIGED TO voice our thoughts on the importance of the monarchy most of us parade the same rapid answers: the monarchy vouchsafes political stability, and, by being good for tourism, brings in the money. What we don't question is the extent to which our response is programmed by the culture, and hence the ideology, that nurtures us. Such niceties are left, and are best left many of us would say, to importunate left-wing sociologists when they're run out of other axes to grind.
Tom Nairn takes a rather different view. For him royalty is of the essence: it explains not just the texture of Britain, but also what he insists on calling her decline. The usual argument, that the monarchial system allows the government of the day to make a royal hash of its responsibilities without plunging the country into permanent disarray, is stood on its head.
The continuation of the throne at the nub of our institutions makes had government more, not less, likely. Real forward-looking reform is impossible because we British are lumbered with the complete set of Ruritanian attitudes.
To be fair, Nairn doesn't actually use the word Ruritanian. Instead he makes do with a concoction of his own: Ukania. That is, UK plus *ania*. This, however, is derived from the Kakanian of Robert Muel's great novel about the ossification of the Austro-Hungarian Empire under the Hapsburgs, from which Nairn bor-



Ingmar Bergman

Artist of agony

THE MAGIC LANTERN
by Ingmar Bergman. Hamish Hamilton. £14.95, 303 pages.
INGMAR BERGMAN was born in 1918 in a Stockholm apartment house. On page 2 of his autobiography, he remembers sitting in the dining-room as a baby, being fed with gruel. "Suddenly, I vomit over everything. That is probably my very first memory."
No more perfect entry could be found if there were a competition for spoof early memories of the famous. Bergman, the artist of bleakness, agony and disgust, enters the world with a statement of nausea and goes on to reiterate it through 70 years of life and work.
The *Magic Lantern* is shot through with startlingly frank glimpses of hatred, self-hatred and despair. The confessional momentum seldom flags: it even includes botched murder attempts on his brother and sister. By mid-book it is no surprise to read that the young Bergman idolised Hitler, that the middle-aged Bergman constantly abandoned wives and mistresses (not least if they were ill or pregnant) and the older Bergman tended to greet the death of enemies (like critics) with admissions that he would like to dance on their graves.
No respecter of linearity, the book itself dances about between years and decades. (From the frolics of a 13-year-old we may suddenly cut straight to the 63-year-old Bergman staging Strindberg's *A Dream Play*). But it finds a powerful unity in the Bergman voice, and a powerful call to our attention and respect in the Bergman honesty. His aim and talent as a film-maker has always been to expose the human soul by "flaying", as it were, the human personality. Disguises, vanities, hypocrisies, sentimentalities, as well as the

talities: by cutting these ruthlessly away, with direction, acting and photography as harsh as a knife, Bergman uncovers the inner truths about ourselves and our moral and spiritual universe.
In bad Bergman movies, like *The Serpent's Egg* or *Face To Face*, this process can be about as much fun as a day in the abattoir, and as edifying. But the best Bergman films - *The Seventh Seal*, *Winter Light*, *Persona* or *Cries And Whispers* - have a feeling of light and humanity barrelling out of the tunnel of pain. They even have a grim, redeeming humour: the laughter of an artist for whom life's nightmares have their absurdist as well as tormenting side.
The autobiography likewise. It is by turns livid, funny and appalling. And it moves so fast, both in its free-association cross-cutting and in its sense of an impelled confessionalsism, that childhood, adolescence and maturity (if Bergman, or any of us, can be said to reach that stage) seems allied. The Bergman who carries out his scarring picture of human loneliness in *The Silence* is the same as the young Bergman who was locked in a dark cupboard as a child by his punishing Pastor father. And the boy who observes with the detached delight the eccentricities of his Uncle Carl, inventor

Justin Wintle

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ARTS

Max Loppert reports from the Munich Festival, which is presenting three new productions of Strauss operas

The difficulties of Danae

THIS SUMMER Munich, birthplace of Richard Strauss, is doing its native son proud during the course of the Munich Festival (July 4-31) all the full-scale operas are being offered. There are new productions of Die Liebe der Danae, Intermezzo, and Capriccio, and concert performances of Guntram and Friedenstag; all the other shows come from Munich's well-stocked Strauss repertoire. For Wolfgang Sawallisch, in his 20th year as chief of the Bavarian State Opera, this is a labour of love - he is conducting most of the operas and, as one of the world's most esteemed Straussians, providing the festival with its stamp of authority.

Impression could have been formed amid the low-draw triviality of the staging and the lifeless accounts of the leading roles. This is, of course, one of the Strauss canon (which explains why it is so seldom done). What started light, an operetta by intention and designation, grew large, rich, and serious. (No doubt the mood of the times - the music was begun in 1898 - and Strauss's withdrawal into his own pure world of art caused the expansion of scale.) The earnest, hard-working Josef Gregor possessed the theatrical qualities of neither Hofmannsthal nor Zweig, his predecessors as Strauss librettists; the clumsiness of verbal tone is sometimes painful.

Costumes. The producer had decided that both Jupiter and Danae (until his moment of moral decision) Midas are figures from showbiz, and so both came on twirling moustaches and sporting toppers and canes, like music-hall magicians (Jupiter's white face and pasted-down hair gave him the look of John Osborne's Archie Rice). Danae was enjoying a lesbian romance with her maid Xanthe in her first scene (for no reason that I could find in the libretto); there were other aberrations to the text - Act 3 was the same set, little altered in detail - but these mattered less than the producer's total failure to come to grips with and believe in the substance of the opera. A plethora of cheap jokes (Leila, Alcmena, Europa and Semela made their final appearance in a 1920s sports car) was no consolation.

There was little relief to be had in the singing of the three principal roles - Del Monaco had obviously spent most time tinkering with his tricks, and none on such minor matters as verbal meaning or character, but the voices gave small pleasure even on their own account. Sabine Hass, an efficient "house soprano" with good top notes, was a pudding of a Danae, fatally lacking glamour (how one longed for a young Bysanaki). Roger Ballou, whom I've admired as a Seattle Wotan, sounded dreadfully dry and looked lamentably blank as Jupiter. The Wagner-tenor seems being particularly parched just now, it's no wonder Paul Frey has been greeted like manna (and his refined looks do no harm either), but on this occasion Midas's phrases lacked body and "follow-through". There was good work in minor roles, from (among others) Grace H. Abner and the gleeful James King, but not enough to sweeten the sour taste left by the whole.

Luckily, my first evening of Munich Strauss had been a great deal more rewarding - Elektra, in the 1972 Remmert production, brought to a blaze by the combined talents of the distinguished veteran conductor Ferdinand Leitner and a cast led by Eildegard Behrens and (marvellous last-minute substitute) Christa Ludwig. After the punch-to-the-stomach effect of Covent Garden's recent Elektra, it seemed impossible that another performance could achieve anything equal or even similar. Leitner's deceptively cool, unforced approach let much more of the music sing - an approach which Behrens's eerily radiant Elektra, constantly surpassing her natural vocal limitations through sheer conviction, and Ludwig's opulent-voiced Clytemnestra matched to admiration (and, of course, the Munich orchestra have this music in their bones). Munich's Chrysothemis, Marita Napier, was much more touching than her London counterpart, and so the fraught exchanges between sisters added another dimension to what is one of the most supremely uncomfortable studies in family relationships in all opera. More from the festival (including the new Intermezzo) next week.

BY AND large the Royal Opera gives Mozart's Don Giovanni a good welcome back, though on Thursday the revived Peter Wood production still needed tidying. As before, William Dudley's looming walls and galleries were enfolded in gloom for most of Act 1, but with the games of mistaken identity in the dark-act was suddenly bright day. The scene of Leporello's unrecognised look-alike unrecognised chaos, nobody knowing where he or she was meant to be going, nor why, except the exasperated pair of monks.

Thomas Allen's Giovanni is strongly conceived and finely sung (dearly indicated by unbridled eye-rolling), and Stafford Dean's Leporello - a great asset in the ensembles - is among the best to be found anywhere. The Kiri te Kanawa sound does more for her Donna Elvira than the inconsistent

manner she tries on, one after another. As Donna Anna, the Georgian soprano Minkwa Krasashvili had a generally unfortunate first act, but somehow got the voice into much better order during the interval. Colin Davis allowed both ladies to dawdle far too long over the prefaces to their main acts; otherwise his Mozartean instincts were to the fore, and he led the final catastrophe in gripping style.

Stuart Burrows turned Don Otavio's numbers with seasoned elegance. Massetto and the Commendatore are safely entrusted to Gordon Sandison - dry-voiced, but he bristles well - and Gwynne Howell. Joan Rodgers lends Zerlina a clear, appealing timbre and much grace, and a good cello enhanced her "Batti, batti".

Welcome back to the Don

Kiri te Kanawa and Thomas Allen at Covent Garden

Michael Coveney looks at an important new book on Russian theatre

EVERY NOW and then the Royal Shakespeare Company does a Russian play, often with success. One thinks of David Jones's Gorky productions in the 1970s or more recently, shabby revivals of Ostrovsky's The Forest and Rimbaud's The Fool.

Revolutionary designs

Two Ostrovsky revivals this year have proved to be the spirit of that great dramatist in the Russian theatre of the 1920s. Cheek By Jowl's A Family Affair and the Old Vic Too Clever By Half, but we never really grasp what these plays signified on home territory, or indeed how they must have appeared to Russian audiences in the first half of this century.

And the very point of fascination in the work - the growth to self-knowledge of three characters, Danae, Midas, and Jupiter, first seen in frivolity - is what makes it so difficult to "place" in a satisfactorily rounded production. The comic quartet of Jupiter's former amours demand balancing alongside the great moral issues discussed at the heart of the piece - the renunciation of power and money falsely used, the emulating gift of human love. Danae, with its god-figure grown into theatrical experience, is a pale-gold, late-antique "answer" to Oedipus at Colonus.

Some help is now at hand in a tumultuously fascinating new book, one of the most important new theatre books of recent years, Russian and Soviet Theatre by Konstantin Rudnikitsky (Thames and Hudson, 20p).

My documenting key productions of the age, each chapter followed with anything between 30 and 60 pages of stunning photographic elaboration, many of the pictures (Chekhov's 1921 costume drawings, for instance) published for the first time.

The period covered is approximately 1910 to 1932, marked off at either end by the temporary eclipse of Gorky and the rise of Stalin. The real matter, though, is the rise of Futurism and Constructivism in the theatre of Meyerhold and Mayakovsky, and the struggle of those artists, and the Moscow Art Theatre, to adjust to the acute intensification of interest in theatre after the October Revolution of 1917.

Part from the town of Alexander Tairov's Kamerny Theatre to Paris, contact with Western Europe was limited. And yet his extraordinary "is to be" Cubist costume designs for a 1919 Salomé, or a jagged, monumentalist Art Nouveau folly for a 1921 Romeo and Juliet.

THIS WAS Medical Week on Radio 4. On Tuesday morning, repeated on Wednesday evening, The Doctors began an eight-part series in which four GPs from Lichfield have been tape-recorded at their daily work. (It started with a medical joke. A university student came in for a prescription. "What are you taking?" asked the doctor. "Politics," said the student.) Not so many jokes after that, though the doctors are all friendly and good-natured.

Love all, Meyerhold, Tairov and their designers converted the geometric imperatives of functional scenery into breathtaking new worlds of tilted stages, receding perspectives, stairways and lapidary architectural structures. Tairov's Phèdre, in fact, sounds not at all unlike Jonathan Miller's Old Vic Andromache, whose designer, the brilliant young Richard Hulse, responsible also for Too Clever By Half, is recasting the models of Russian and German Expressionism in a contemporary mould.

With similar ingenuity, Meyerhold invented a system of biome-

mechanics to match the culture of the industrialised age. This also became a means of achieving anti-Stalinist physical virtuosity. The Constructivist set of The Magnanimous Cuckold (1922), with its spare platforms and walkways, may look to us like an adventure playground, but it was then a revolutionary scenic response to fancy naturalism at the Moscow Arts.

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FOR EXCELLENCE and variety it would be difficult to better these six recent Spoken Word sets. Penelope Lively's Booker Prize winner of 1987, Moon Tiger (Isis Audio Books IAB88012; unabridged; 6 cassettes; 7 1/2 hours), is a ravishing novel read by Sheila Mitchell with an austere elegance totally in sympathy with it. Claudia Hampton lies on her death-bed reviewing her long life, seen in terms of the rock strata explored in her Dorset childhood, each layer bearing its treasure of fossil remains. Writer, historian, and war correspondent in the Second World War in Cairo and the Western Desert, she has been unloving as a mother, too loving as a sister, and the love of her life was killed in the desert fighting. But on her deathbed she is handed yet another unsuspected fossil from that stratum of her life, and so the ghost of the "Moon Tiger" that once smouldered by her bedside in Cairo to keep insects at bay gives off its vapours still, as she fades away.

Another winner from Isis is R.F. Keating's The Body in the Billiard Room (IAB87113; unabridged; 6 cassettes; 7 hours 50 minutes), a further adventure of his Bombay detective, Inspector Ghoti. Summoned to a mur-

Spoken Word

Six of the best for the summer

der case in the once-smart hill station of Ootacamund, Ghoti finds he is expected to act like the Great Detectives of fiction and surprises himself by actually bringing it off. Behind the murder is a sad little tale of one of the survivors in that faded place, but the story of Ghoti's success is riotously funny, and Sam Dextra reading it adds an extra dimension to the comedy with his gallery of full-blown eccentrics, both Indian and English.

Cover to Cover Cassettes have brought out another in their series of full-length readings from Dickens. Black House occupies 30 cassettes and gives 38 hours of compulsive listening. In the huge cast of protagonists and in the ramifications of the action Dickens's creative genius is seen at its height. Serious or comical, full-length or caricature, all his characters contribute to a blistering attack on the law's delay and the notorious abuses of the old Court of Chancery. Hugh Dickson's reading is superb - a marathon display of versatility.

Dervla Murphy's Full Tilt: Ireland to India with a Bicycle (Isis IAB87111; unabridged) is like a great gust of fresh air. She rode out of Dunkirk in January 1963 into that terrible winter on her "man's bicycle". Rosamond, and six months later arrived in Rawalpindi to find temperatures round 112F. She reached New Delhi, where the story ends, later that summer, and almost everywhere met with friendliness and hospitality. But the country she enjoyed most was Afghanistan and the people she remembered with the most affection and admiration were its Pathans. An exhilarating story, delightfully read by Kate Binchy on 6 cassettes, giving almost 9 hours of entertainment.

The best of the recent abridged sets is Dick Francis's Hot Money from Lichen for Pleasure (LFP238; 2 cassettes; 2 1/2 hours) read by Christopher Cazenove. Malcolm Pembroke is an arbitrator who cannot help making money. With nine children by a succession of five wives, he has had to employ one of his sons as a bodyguard and his money almost leads a life of its own. A bitter story, nicely read.

Mary Postgate

Welsh National OPERA FESTIVAL OF OPERA PETER STEIN DIRECTS VERDI'S Falstaff NEW PRODUCTION sponsored by National Westminster Bank MONDAY 24, THURSDAY 27 & SATURDAY 29 OCTOBER 7.30pm Royal Opera House BOX OFFICE 01 240 1086/01 240 1911

Radio A medical week

Rowlands and Brian King. Then came a lady whose spots proved to be chicken-pox, caught from her grandson; a mother worried about the moles on her pubescent son's back; a noisy and uncooperative little boy with a suspected broken arm - he had to go to hospital for an X-ray; a little girl told to wait in the next room with no appointment admitted thoughts of suicide but really wanted to be taken off Valium. An old lady with "tummy trouble" probably had a carcinoma and would probably die, but she wasn't too fat.

Next week we start with a death, too. I am replying in advance on this second programme to show how like the first it is. A diabetic woman with a young family has had a heart attack and is terrified of dying - "It scares the hell out of me, the thought of it" - and the doctor sends her to a psychologist. A nice old lady apologises for not having been grateful enough. Another old lady, visited at home, says "I've got nothing to live for, I'm all right, thank you." All this on the doctor's birthday.

I am glad to find little hint of gossip or a developing story. Perhaps, since these recordings are made live in the surgery and so on (and we are assured that neither doctors nor patients mind their business being aired), we shall follow some cases' progress. If we are to hear no more than routine daily business, I can recommend the series just to those many folk who like doctors because they are doctors. Dr. Brown, Dr. Halifax (a lady), Dr. Lockwood and Dr. Hall are as nice as doctors usually are, but none of them is an Andrew Cruickshank or a Richard Chamberlain.

More down to earth is Saturday's Cancer Check, another eight-part series, Radio 4 on FM only. In the first part, Dr. Alan Maryon Davis describes the case of a 5-year-old boy with leukaemia. Starting at the beginning, he lists the possible causes, from

Success in Moscow for Sotheby's

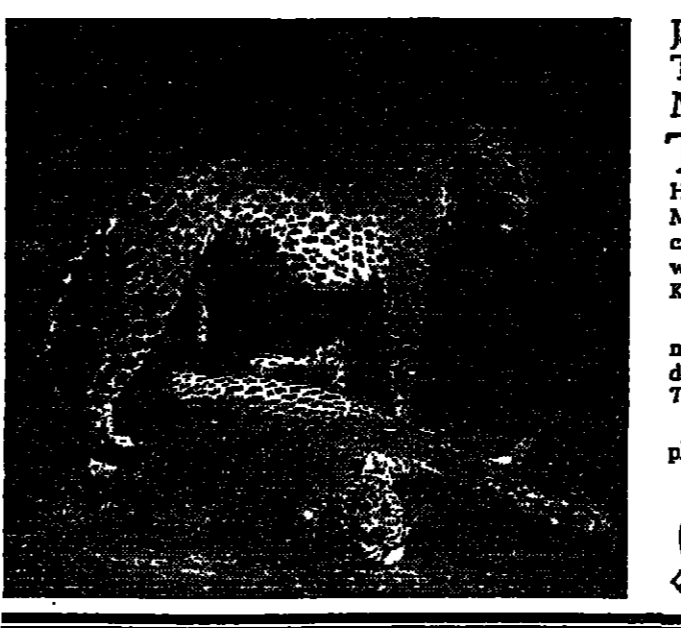
SOTHEBY'S GAMBLE of holding an auction in Moscow on Thursday night paid off handsomely. A packed audience of 2,000 in the cavernous hall of the Mezhdunarodnaya Hotel just over £2m for the 119 lots, mainly works by contemporary Soviet artists with a few smashes by earlier Revolutionary painters added in to tempt over the big buyers.

The bidding was in English, and in sterling, and rose highest for "Line," one of the last oil paintings by Alexander Rodchenko in his pure abstract period: it is dated to 1920. Sotheby's thought it might make £120,000, but it went for an astonishing £300,000, a record for Rodchenko, to the London dealer Amely Juda. Until now works by

Glazunov, who in Russian circles is reckoned to be too much of an Establishment figure, were actually below estimate. The artists receive 10 per cent of the selling price in sterling but get another 50 per cent in "golden roubles" which should allow foreign travel. The Ministry of Culture creams off 30 per cent, and Sotheby's gets 10 per cent. This will not repay its investment but it has gained considerable publicity, established the reputations in the West of some potentially profitable artists, and forged mutually beneficial links with the Soviet Union.

Antony Thorncroft

PICK OF THE WEEK AT CHRISTIE'S



Jacques-Laurent Agasse Two Leopards playing in the Exeter 'Change Menagerie, detail, signed and dated 1808

THESE LEOPARDS WERE painted by the Swiss-born Jacques-Laurent Agasse, one of the greatest animal painters to work in England. Having settled here by 1800, he was a frequent visitor to Polito's Menagerie in the Exeter Exchange in the Strand, where gnus, giraffes, crocodiles, jaguars and other rare animals were exhibited. The picture will be included in the sale of important English Pictures at Christie's, King Street on Friday, 15 July at 11.00am.

Among other important works in the sale are J. M. W. Turner's magnificent painting Cicero at his Villa from the collection of Evelyn de Rothschild, and an important pair of pictures by William Hogarth of The Farmor Children at Play, from the Fermor-Hesketh collection.

For further information about this and other sales in the next week, please telephone (01) 839 9060.

8 King Street, London SW1 85 Old Brompton Road, London SW7 164-166 Bath Street, Glasgow

B.A. Young

Chess No. 736: 1 B-K3, P-K7; 2 B-KR5, K-Q3; 3 R-Q1 mate, or if 1 - K-K7; 2 B-N5 ch, or if R-Q3; 2 R-B1 ch.

WEEKEND FT

SPORT

Athletics/Michael Thompson-Noel

The men with wings on their heels

THE LAST time I saw Ben Johnson - the mighty Canadian hulk whose world record for the 100 metres may survive until well into the 21st century - he was locking jawed and red-eyed: a man suffering, I surmised, from excessive jet-lag, plus an heroic amount of partying, plus the crushing pressures and expectations that inevitably weigh heavily on The Fastest Man on Earth, even if he is built like a Chief tank.

Johnson didn't see me but I saw him - our paths silently crossing on the acres of carpet that mark the threshold of the Seoul Hilton's coffee shop. This was in March.

So far as I could discover, Johnson was in town to enlighten proceedings at one of those love-fests that always herald the approach of the Olympics. It was called "Canada Loves Korea," or "Korea Loves Canada" - something like that - which meant that it was about trade and widgets, with a bit of culture thrown in.

Lewis of the US, whose four gold medals at the Los Angeles Olympics in 1984 were never translated into the enormous commercial riches that Lewis had anticipated, mainly because of his problematical image.

In Seoul, both men will have a chance to grab history by the throat. First, the Johnson-Lewis clash is already being billed as one of the all-time Olympic high points. Second, as Neil Duncan, an assistant producer at Thames Television in London, explains in his just-published book, *The Fastest Men on Earth* (Collins Willow, £7.95): "World records will always be broken and records will always be broken, but Olympic titles last for ever... When the winner of the Seoul 100m climbs up to the winner's rostrum he will become

only the 21st man to do so. There have been 20 champions in 20 Olympic Games, and so far no man has ever won the coveted gold medal twice.

is so remarkably good that he is boring - at least in the eyes of dim-wits. Because of his immense gifts, a lot of what he says sounds arrogant, though that is hardly his fault.

Consider, for example, this *carpe diem* by Lewis on the subject of Bob Beamon's long jump record of 29ft 2 1/4ins (8.90m), which dates from the 1968 Mexico Olympics. Lewis says that record: "It may not make sense," he has said, "but 29ft is more important than 28ft 2 1/4ins. I believe in barriers and 28ft is my next barrier, my goal, and if I achieve that then we're talking such a small extra distance that I don't think that will be such a big deal, because once I jump 29ft I'll know why I did and how I did it and I'll know how to duplicate it."

Big Ben Johnson is a different kettle of fish. He has always had two things working against him - his nationality and his stammer. But he has at least one stunning weapon on his side: his phenomenal speed off the block. It is said that a sprinter's average reaction time off the block is 0.16 secs. For Johnson it is 0.0977 secs - so fast that he regularly deceives the eye and even the track computer.



Big Ben: fast enough to deceive the eye

Once away from the block, Johnson accelerates through the first 60m and then holds his speed, at about 43 kilometres an hour, for the rest of the race. It is a brilliant interpretation, if you like, of that great line of Harold Abrahams' eccentric coach, Sam Mussabini, just before the 1924 Olympic 100m final. "Just think of two things," Mussabini is said to have said. "The pistol and the tape. When you hear one, run like hell till you break the other."

and one of the first great shames. Often Paddock would perform his famous jump finish, taking off some 10ft or 12ft from the tape and hurling himself through the air.

Cricket/Teresa McLean

New blood, new heart. England needs a new captain... but who is the man for the job?

JOHN NYREN ended his classic *The Young Cricketer's Tutor* with some advice for captains on how to win matches. "Every manoeuvre must be tried in a desperate state of the game," he goes on to give details of the best way to waste time, confuse the opposition, put on a fast bowler when a cloud is passing over, and play every dirty trick known to cricket. For Nyren, captaincy is the key to success, and it is one of the marks of a good captain that he will win with a poor team.

Anyone who watched England leave the field at Old Trafford, not so much beaten as annihilated by the West Indies, will agree that it is not easy to be a poor team. It will continue to be bad until it finds "a father and general" to inspire it, as Nyren inspired his team, Humbledon. Captaining England at the moment is a ghastly job, which is one reason why it requires an optimistic, a man cheerful, or optimistic enough to regard it as a challenge and a chance to prove himself.

Cheerfulness and optimism are underrated qualities in a captain. They work together and between them can get a team out of a disastrous spell, such as England's current one, by getting it to play as if it believes in its ability and its good luck. Cheerfulness is infectious. Never mind whether the team is good enough to give grounds for optimism, or even whether the captain believes that it is. What matters is that he should make his team think it is good enough. If he really is optimistic, so much the better. But, as long as he is seen to be expecting the best, his team will be likely to produce it for him.



Captains, art thou sleeping?

should be no more than a medium-paced problem for Barnett. It was in pursuit of this sort of cavalier attitude that the English selectors went on choosing amateur captains right up until the 1950s. It is a mistake to think that the best candidates played cricket for fun, not for a living, and this was reckoned to give them a measure of freedom, a willingness to take risks, which could secure victory in the face of impossible odds. It is a debatable proposition and there are no grounds for believing that it is still true today that a degree of detachment does help a captain ward off despair. One of England's biggest problems at the moment.

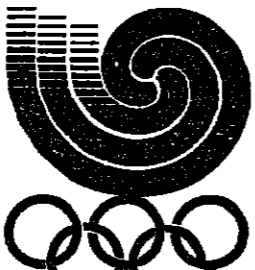
By detachment, I don't mean a half-hearted involvement in the game. I mean a whole-hearted involvement that includes the impression that the captain has always got something in reserve. For example, adjustments to field placements quickly unnerve batsmen, giving the idea that a plan is being put into operation, and that the batsmen are of strategic importance. This boosts the fielding side's confidence and undermines that of the opposition.

trallans like, but their tradition of captaincy does not stop there; it goes on to demand that the captain should be the best player. Simple as a can of peaches. The English tradition looks for a more elusive combination of qualities: popularity, leadership, visible intelligence on the field of play, resourcefulness and, ideally but not primarily, playing ability. Mike Brearley's fairy-tale success against the Australians in 1981 is the most often quoted example of a captain leading by inspiration, not performance. But Australians were badly weakened by the loss of their Packer players, and Brian Close's effort against the West Indies in 1966 is a better example.

Close was as tough and professional as they come. He had no time for amateur nonchalance, but his instinct was always to attack; he took risks, whatever the reputation of his opponents. In 1966 England were being humiliated, much as they are being humiliated now by the West Indies, who won their first, third and fourth tests, drew the second, and went to the Oval for the fifth test sky-high with confidence. Close's batting was lamentable, but he became a national hero when England, after a bad beginning, went on to win by an innings. How the victory is impossible to tell, but Sobers, who was on the receiving end of it, rates Close the best English captain he has known.

You can overdo this business of leadership, despite, not because of, performance. Obviously, good bowling and batting help a captain to help his side. So does good fielding. Almost all the best captains in modern cricket have been good fielders, or at least good ones. Witness Close's bald head intimidating batsmen from all sides on. Fielding is a barometer for team morale. The last test demonstrated that only too clearly.

With a win to their credit, England would be a borragain side. But they won't win without a psychologically robust captain. If the selectors stay true to form, they will probably keep Embury or choose an old warrior who has been through all before, one who will provoke comments such as the immortal one made by Archie MacLaren, amateur captain par excellence, before the first test against Australia in 1902. He opened the dressing-room door, saw his team getting ready, and said: "My God, look what they've given me this time!"



Since 1921, when America's Charley Paddock lowered the mark to 10.4 secs, only eight men, five of them Americans, including Jesse Owens, have owned the 100m record. But it is Johnson's achievement that reigns supreme.

FT CROSSWORD No.6,677

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday July 20, marked Crossword 6,677 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4DF. Solution on Saturday July 23.

Crossword puzzle grid with numbers 1-28 and letters A-Z.

ACROSS
1 Quote about current measures to be curbed? (4,4)
5 Like food? Stay back on the French (6)
10 Steamer using River Nile (6)
11 Event for European burial place (4,5)
12 Motorway feature which means it doesn't (3)
13 Headwater, as it were, sets a man in spirit (5)
14 Time to stop the QE1, in case (6)
15 Journey hindered by one of three (7)
16 Going too far, obvious work to surpass? (7)
17 In heaven there's a hotel with, little meat (6)
22 Little hill with sound of ape? (6)
24 Cat, last of Cheshire one, swallowing a milk shake (9)
25 Boldness of admiral's friend to admiral or poet Thomas, say (9)
26 I had the Isle of Man, in a manner of speaking (5)
27 Post Office's commercial for a Spanish hotel? (6)
28 Gain in bad debts where people don't sleep together (4,4)

Down crossword puzzle grid with numbers 1-28 and letters A-Z.

DOWN
1 Sticks to eat (6)
2 Follow on horseback to see broken metal (9)
3 Indications of hats being blown away? (5,2,4)
4 Inversion of bureaucracy coming to a point? (7)
6 Princess with poetic form making provision of other baskets for her eggs? (15)
7 English control upset Scottish king (5)
8 I am in property valuation (8)
9 Gunboard near junction (6)
16 Weapon for a murderous night involving king and felon (4,5)

SATURDAY

Highlights programme in black and white
BBC1
8:55 am Open University, 9:25 am Carlton, 9:30 am Play School, 9:55 am News, 10:00 am This is the Day, 10:10 am News, 10:15 am Business Matters, 10:30 am News, 10:35 am News, 10:40 am News, 10:45 am News, 10:50 am News, 10:55 am News, 11:00 am News, 11:05 am News, 11:10 am News, 11:15 am News, 11:20 am News, 11:25 am News, 11:30 am News, 11:35 am News, 11:40 am News, 11:45 am News, 11:50 am News, 11:55 am News, 12:00 am News, 12:05 am News, 12:10 am News, 12:15 am News, 12:20 am News, 12:25 am News, 12:30 am News, 12:35 am News, 12:40 am News, 12:45 am News, 12:50 am News, 12:55 am News, 1:00 am News, 1:05 am News, 1:10 am News, 1:15 am News, 1:20 am News, 1:25 am News, 1:30 am News, 1:35 am News, 1:40 am News, 1:45 am News, 1:50 am News, 1:55 am News, 2:00 am News, 2:05 am News, 2:10 am News, 2:15 am News, 2:20 am News, 2:25 am News, 2:30 am News, 2:35 am News, 2:40 am News, 2:45 am News, 2:50 am News, 2:55 am News, 3:00 am News, 3:05 am News, 3:10 am News, 3:15 am News, 3:20 am News, 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